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Following The Crowd

Roger W. Babson Advises Against It

Roger W. Babson

BABSON PARK, MASS. — I think it can statistically be proven that the public is usually wrong in its forecasting of real estate, commodity and investment problems. Certainly, those who "follow the crowd" lose money in the end, while those who do the opposite usually make money. Furthermore, those who act differently from the "crowd" perform a real service and are entitled to a good profit for their independence and courage. Let me this week give three illustrations.

Filling Stations

Those who drive about the country today must be impressed by the number of vacant filling

(Continued on page 795)

In This Issue

Special material and items of interest with reference to dealer activities in the State of Ohio on page 786.

Index of Regular Features on page 808.

Southern Freight Rate Controversy

By ROY L. GARIS
Vanderbilt University

Southern Economist Contends That Freight Rates In Southern Territory Are Only 5% Instead Of 38% Higher Than In Official Or Northeastern Territory—Holds That Southern Carriers Have Adjusted Their Rate Structure To Meet The Industrial And Commercial Needs Of The South And He Points To South's Recent Rapid Industrial Growth As Evidence That Section Does Not Suffer From Discrimination — Advocates That Rate Adjustments Be Left With ICC

Roy L. Garis

The existing freight rate structure in the South has been challenged by the Board of Directors of the Tennessee Valley Authority; by the Southern Governors Conference; by the Vice President of the United States, the Secretary of the Interior, and a few other left-wing New Dealers; and by a few members of Congress from the South. The survey of "The Interterritorial Freight Rate Problem in the United States" (1937) by the TVA was prepared under the direction of the then Principal Transportation Economist, J. Haden Alldredge, now a member of the Interstate Commerce Commission. Although this report, printed as an official document of the United States Government, has been thoroughly discredited, it is still often quoted as "proof" of many erroneous and misleading arguments to the effect that

(Continued on page 796)

Peace And The Longer Term Outlook For The Stock Market

By DR. WILLIAM F. EDWARDS*
Partner, Naess & Cummings, New York

After Analyzing The Background For Post-War Stock Values, Dr. Edwards Points Out That Peace Will Usher In New Conditions Requiring A Cautious Investment Approach. He, However, Predicts That The Deflationary Forces Of Reconversion Will Be Temporary And Without Severe Stock Price Declines, While There Are Substantial Prospects For Longer Term Appreciation.

Dr. Wm. Edwards

We have traveled a long way since late 1941 and early 1942 when it was feared by many that the enemies might win the war and that our very way of life could be destroyed. It is hard to believe that less than three years ago there was serious concern about the prospect of the Japanese invading the Pacific Coast and the Germans invading the Atlantic Coast. One cannot follow the progress of the United Nations without believing that we have come victoriously to the final act of this tragic Drama of War.

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*An address delivered by Dr. Edwards before the New York Society of Security Analysts, New York City, Aug. 17, 1944.

(Continued on page 792)

"Going Concern Value" In Bank Examination

By HARRY L. SEVERSON
Principal Economist, Division of Research and Statistics,
Federal Deposit Insurance Corporation

Harry L. Severson

There is no more basic question in bank examination than that of the theory of valuation underlying the appraisal of bank assets. Until comparatively recently banks were examined on a liquidating basis, but in the past few years there has been a growing tendency to follow the generally accepted practice in industry and view banks as going institutions. The purpose of this article is to present briefly a case for the further extension of the theory of going concern value in bank examination.

When banks were examined on a liquidating basis, so-called market values were assigned to as many assets as possible, and these values were used in computing a "net sound capital." This method of valuation was not entirely unsatisfactory when the earning assets consisted mostly of notes, for which there were no quotations, and a few marketable bonds, but as banks acquired larger bond portfolios the accidents of the securities markets became an increasingly important determinant of "net sound capital." By the middle thirties numerous banks, even some which held only prime bonds, would show adequate capital ratios if examined on one of the days when the market was bullish, but would appear to be in an unsatisfactory condition if examined on one of the days when the market was depressed.

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The Full Employment Issue

By PHILIP CORTNEY

Vice-Chairman of the Board and Treasurer, Coty, Inc.

Writer Holds That We Should Face The Full Employment Doctrine Squarely—He Is Convinced That We Cannot Avoid Giving It A Test And Therefore Advocates The Provision Of Safeguards For The Private Enterprise System, Democratic Processes, And Our Liberties—He Indicates What The Nature Of Those Safeguards Should Be

Philip Cortney

In a world where everything seems topsyturvy, the article "Post War Employment" by Elisha M. Friedman in the "Chronicle" of August 10 is frightfully sensible. I am deliberately using the adverb "frightfully." Unfortunately, the "law of nature," which was identified by many 16th and 17th century writers with the "law of reason," does not seem to have any grip on the minds of the modern world. My sole objection to Mr. Friedman's arguments is that they are too intelligent and too sensible. I am afraid it will take much more bickering and suffering before the people will realize and recognize the functioning premises of economic liberalism and its extraordinary (and I thing irreplaceable) merits and virtues.

Taking the world as it is, I cannot help feeling that we are drifting into experimentation and that willy-nilly we shall have to give a test to the "full employment" theory. Should anyone doubt this proposition, I am inviting him to reflect upon his answer to the question: "Suppose we again have 10 to 15 million unemployed, what will be the at-

(Continued on page 791)

Suggested Plan For A General International Organization

The August issue of "International Conciliation," published by the Carnegie Endowment for International Peace, of which Dr. Nicholas Murray Butler, is Director, contains "A Design for a Charter of the General International Organization," as envisaged in the Moscow Declaration of Oct. 30, 1940 and in the Resolution adopted by the United States Senate on Nov. 5, 1943. The plan is the work of a group of Americans experienced in the field of international organization, consulting together under the chairmanship of Judge Manley O. Hudson, for a period of four months. Because of the current conference in Washington of the United States, Great Britain, Russia and China regarding a post-war international program, and because of the prominence and expert knowledge of those who participated in drawing up the plan, the "Chronicle" is pleased to reprint the introductory note and the text of the plan in full:

Dr. N. M. Butler

A DESIGN FOR A CHARTER OF THE GENERAL INTERNATIONAL ORGANIZATION

Introductory Note

In the Moscow Declaration of Oct. 30, 1943, the Governments of the United States of America, the United Kingdom, the Soviet Union, and China recognized "the necessity of establishing at the earliest practicable date a general international organization. based

(Continued on page 788)

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Dollar Savings Bank Elects Boyle Treasurer

Robert M. Catharine, President of the Dollar Savings Bank, has just announced the election of George F. Boyle as Treasurer of the Bank to succeed Joseph B. Hare, who recently retired. Mr. Boyle's election took place at the most recent meeting of the Bank's Trustees.

George F. Boyle

Sterne, Agee & Leach Formed In Birmingham

BIRMINGHAM, ALA. — Announcement is made of the formation of the firm of Sterne, Agee and Leach, with offices in the First National Building, as successors to the investment business of Ward, Sterne, Agee & Leach, formerly Ward, Sterne & Company.

Partners of the new company are M. H. Sterne, Rucker Agee, Mortimer A. Cohen, Edmund C. Leach, and Alonzo H. Lee. Mr. Cohen and Mr. Leach will make their headquarters at the firm's Montgomery, Ala., office in the First National Bank Building.

Stewart, Lowe On Bd. Of Investors Syndicate

MINNEAPOLIS, MINN. — Earl E. Crabb, Chairman of the Board of Directors of Investors Syndicate, Roanoke Building, has announced that George M. Stewart and Justus F. Lowe, both of Minneapolis, were elected to the Board of Directors of Investors Syndicate of America, Inc., a Syndicate subsidiary, at the company's annual meeting. Mr. Stewart is President of the G. M. Stewart Lumber Company and Mr. Lowe is President of Justus F. Lowe Company, Investments.

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"The Meaning Of Bretton Woods"

Secretary Morgenthau And Dr. Harry D. White Of The Treasury Dept., Dean Acheson, Assistant Secretary Of State, Senator Charles W. Tobey, And E. E. Brown, President Of The First National Bank Of Chicago, All U. S. Delegates, Discuss Informally The Work Of The Conference In The "American Forum Of The Air," Broadcast Over Facilities Of WOR.

WASHINGTON, D. C., Aug. 23.—As the war approaches its end n Europe post-war plans are being more seriously examined here. In the financial field of planning, monetary stabilization proposals and other credit plans are becoming of direct interest not only to banking and foreign-trade circles, but to industry, labor and agriculture. Because of this interest, "The Chronicle" here publishes extensive portions of the American Forum of the Air on the subject, "The meaning of Bretton Woods." The excerpts were prepared for "The Chronicle" by Herbert M. Bratter from unrevised stenographic notes on Tuesday's (Aug. 22) broadcast from Shoreham Hotel in Washington over the WOR network.

Sec. Morgenthau

Harry D. White

Under the chairmanship of Mr. Theodore Granik of Washngton the two Bretton Woods plans for an "International Monetary Fund" and a "World Bank for Reconstruction and Development" were described at the round table y five members of the American elegation. This was the first uch public discussion of the conerence by members of the Govrnment since the conference adourned late in July.

Secretary Morgenthau and Dr. Harry D. White, his assistant, reurned only a few days ago from visit to London and the battleields of Normandy.

Our excerpts begin with part of Mr. Granik's introductory remarks:

"To lay the groundwork for forum debate on the merits of hese plans on subsequent prorams, we have asked the American delegates to explain this vening 'the meaning of Bretton Woods.' Unfortunately, not all of he delegates were able to join us. We are, however, honored by the resence of Henry Morgenthau r., Secretary of the Treasury; enator Charles W. Tobey of New Hampshire, ranking Republican member of the Senate Committee n Banking and Currency; Dean Acheson, Assistant Secretary of State; E. E. Brown, President of the First National Bank of Chicago and President of the Advisory Council of the Federal Reserve System, and Dr. Harry D. White, Assistant to the Secretary of the Treasury. Secretary Morgenthau, will you, as President of the conference, tell us generally about Bretton Woods?"

Secretary Morgenthau: "A month has passed since the United Nations Monetary and Financial Conference at Bretton Woods, N. H., came to its successful conclusion. We have had time to study the accomplishments of that meeting and to weigh their meaning for our security and prosperity in the post-war world. That is what we are going to talk about in this forum discussion here this evening.

"To my mind, the most important facts about the Bretton Woods Conference, more important even than the agreement

(Continued on page 802)

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Post-War Tax Planning

Twin Cities Plan—National Planning Association Plan—Our Own View

Tax revision is currently the subject of deep study in many quarters. The aim is to enable business and industry to accomplish the objectives of post-war planning, including national economic well-being, high production and employment levels, and stimulation of the flow of venture capital into private industry.

L. H. Bradshaw

The Attitude of Congress

From all accounts Congress has a friendly attitude towards tax reduction. Secretary of the Treasury Henry Morgenthau, Jr., recently came out flatly for post-war revision of the Federal tax structure, saying he was "in favor of encouraging venture capital and for adjusting our tax laws so we can make venture more attractive." Chairman Robert L. Doughton of the House Ways and Means Committee, who is Chairman of the Joint Committee on Internal Revenue Taxation, not long ago announced a resolution directing tax experts of Congress, the Treasury and the Internal Revenue Bureau to begin a special study of post-war taxation. During the recent Congressional recess these experts are understood to have conferred with sponsors of various tax programs and to have compiled considerable data. When all the views have been collected and the statistical studies completed, the Congressional Joint Committee will be convened to draft a post-war tax bill.

Prominent among the privately prepared tax programs so far announced are those advocated in the so-called Twin Cities Plan and that of the National Planning Association.

Twin Cities Plan

The Twin Cities Plan, made public on July 10 after 14 months' study, is the product of a large group of industrialists, financiers, tax lawyers and other business

(Continued on page 801)

Abolish The NASD Questionnaire

The controversy centering around the "5% spread policy" has brought to light no more irksome imposition on NASD members than the use of questionnaires as a lure.

In the opening part of the "Securities Exchange Act of 1934," Section 2 deals with "Necessity For Regulation as Provided In This Title." It enumerates the alpha and omega of effects trading has and may have upon our economy, even to the extent of claiming that national emergencies, adversely affecting the general welfare "are precipitated, intensified, and prolonged by manipulation and sudden and unreasonable fluctuations of security prices...."

This part of the statute is a studied and comprehensive attempt to justify the regulation to which the securities field is subjected in the balance of the act.

Section (a) provides:

> "The Commission shall prescribe such rules and regulations as it deems necessary or appropriate in the public interest or for the protection of investors. . . ."

Exercising its rule making power freely, the SEC has regulated, and in many instances, over-regulated. There have been claims that it has exercised, and is, unconstitutionally exercising, legislative powers which the Congress was powerless, and never intended, to grant.

With all this, there is one thing the SEC has never done thus far, i. e., use its rule-making power for the purpose of entrapment, to compel the answering of questionnaires.

Like Topsy, the questionnaire habit now sponsored by the NASD Board of Governors "just growed." The first questionnaires were apparently sent out for the purpose of laying a foundation for the "5% spread." When these were returned, the Board in its questionable "wisdom" was ready to lay down a philosophy on spreads. The information classified by it made the Board feel it was "prepared."

However, it was also "prepared" not to publish the results of such

(Continued on page 784)

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How Proposed "Reservations" At Bretton Woods Were Dropped

Although the delegates to the Bretton Woods Conference signed the agreements for the establishment of an International Monetary Fund and an International Bank without, in any case, making a notation as to reservations, this is not an indication that there was entire unanimity among the nations on all matters contained in the agreements. Several of the delegations wished to make special reservations and these were submitted to the Conference, but on the pleas of Lord Keynes, the British delegate, and Judge Fred W. Vinson, an American delegate, it was agreed that in view of the fact that the work of the Conference was subject to ratification by the individual governments there should be no special reservations made by the signatories. However, it was agreed that all such reservations shall be recorded in the minutes of the Conference.

Lord Keynes

Regarding the procedure, Lord Keynes, in addressing the Executive Plenary Session on July 20, remarked:

"I venture to wonder whether there is not a possibility of some misunderstanding in the minds of the delegates who wish to make reservations on particular points. So far as the U. K. Delegation is concerned we, in common with all other delegations, reserve the opinion of our Government on the document as a whole and on every part of it. The whole of our proceedings is ad referendum to our governments who are at the present stage in no way committed to anything: We have been gathered here to put our heads together to produce the most generally acceptable document we could frame. We do not even recommend our governments to adopt the result. We merely submit it for what it is worth to the atten-

(Continued on page 798)

Program For Municipal Forum At NSTA Meeting

The Municipal Forum of the National Security Traders Association has announced the following program for its meeting to be held on Aug. 25, 1944 at 1:30 p.m. at the Palmer House, in Chicago:

Report—
  Municipal Committee, Thomas Graham, Chairman
Introduction of Speaker—
  Wm. Perry Brown, President, Nat'l Sec. Traders Assn.
  "Some Practical Phases of Post-War Municipal Financing," by Joseph A. Matter, Chapman & Cutler
Open Discussion:
  Report of the Municipal Committee, The Boren Bill, H. R. 1502, and other matters affecting the industry
  J. Wallace Kingsbury, Vice-Chairman of Municipal Committee
  Dudley Smith, Municipal Secretary of Investment Bankers Association of America
  Hon. Stanley McKie, State Senator of Ohio
  Hazen Arnold, Chairman, The Municipal Committee, The Investment Bankers Association of America
  And Members and Guests.

The Honorable Lyle H. Boren, speaker at the evening meeting, and the Honorable Fred Busby, speaker at the Saturday meeting, have been asked to attend and participate in the discussions.

New Dealers In Washington

George M. Stevens, Jr., has opened offices in the Skinner Building, Seattle, Wash., to engage in a securities business.

Verna May Tubbs is conducting an investment business from offices at the Laube Hotel, Bellingham, Wash.

NSTA Advertising Notes

Fellow Members:

Your committee is listing below the various contracts for adve tising in the special NSTA Supplement of the "Chronicle" to be pu lished Aug. 31, next week. The forms will close on Aug. 28, and sincerely hope some of the affiliates will see fit to increase the positions.

New York	75	contracts	Hartford	2	contrac
Philadelphia	23	"	Buffalo	2	"
Chicago	20	"	Los Angeles	2	"
St. Louis	9	"	Minneapolis	5	"
Detroit	9	"	San Francisco	2	"
Cleveland	8	"	Newark	2	"
Boston	6	"	Toronto	2	"
New Orleans	5	"	Georgia	1	"
Florida	5	"	Denver	1	"
Baltimore	4	"	Pittsburgh	1	"
Cincinnati	4	"	Spartanburg	1	"
Seattle	4	"	Milwaukee	3	"
Louisville	3	"	Memphis	3	"

We have 211 ads grossing over $11,000. This does not inclu the booster listings, which may run from $700 to $1,000 addition Remember, members of your committee will be glad to take yo ads in Chicago.

K. I. M.

Harold B. Smith, Chairman NSTA Advertising Committ Collin, Norton & Co., 30 Pine St., New York 5, N. Y.; Alfred Tryder, Vice-Chairman NSTA Advertising Committee.

Wyeth Firm Now Is Maxwell, Marshall Co.

Announcement is made that, without change of ownership or management, the name of the form of Wyeth & Co. has been changed to Maxwell, Marshall & Co. Offices of the firm, which holds membership in the Los Angeles Stock Exchange, are maintained at 40 Wall Street, New York City, and 647 South Spring Street, Los Angeles.

Partners in the firm are Frank O. Maxwell, Wallace A. Marshall, Thomas H. Heller, Oliver B. Scott, William S. Wells and Wilbur R. Wittich.

N. Y. Analysts To Hea

The New York Society of S curity Analysts, Inc., will hear discussion of current events a special situations in public ut ities under the leadership of Fowler at its meeting schedul for today.

On August 30th, the speak will be P. H. Littlefield, Vic President of Canada Dry, who w discuss Canada Dry and the So Drink Industry.

C. Bedell Monro, President Penn-Central Airlines, and Har Breecken will address the mee ing on Sept. 6.

All meetings are held at Broad Street, New York City, 12:30 p. m.

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August 24, 1944

Philadelphia Traders Get Nominees For Office

PHILADELPHIA, PA.—At a meeting of the Board of Governors f the Investment Traders Association of Philadelphia, held Aug. 16, he following names were placed in nomination for the 1944-45 term: For President, Russell M. Dotts, Bioren & Co.; for 1st Vice-

ussell M. Dotts

Alfred W. Tryder

John M. Hudson

resident, Edmund J. Davis, Rambo, Keen, Close & Kerner; for 2nd ice-President, Alfred W. Tryder, W. H. Newbold's Son & Co.; for ecretary, Frederick S. Fischer, H. N. Nash & Co.; for Treasurer, hn M. Hudson, Thayer, Baker & Co.

The election will be held Sept. 29 and will be followed by a nner for all Association members.

lore, Forgan & Co. ffers Central Soya Co. ebenture Issue

One of the first pieces of financ- g involving the soybean industry ached the market Aug. 22 when lore, Forgan & Co. offered a new sue of $2,250,000 of 3¼% sinking nd debentures, due in 1959, of e Central Soya Co., Inc., of Ft. ayne, Ind., one of the three rgest soybean processors in the untry. The debentures were fered at 100% and accrued in- est. Associated with Glore, organ & Co. are The First Bos- n Corp., A. G. Becker & Co., c., Bacon, Whipple & Co., Keb- n, McCormick & Co. and Rey- lds & Co.

Proceeds from the financing ill be used to retire all of the mpany's $1,400,000 first mort- ge and leasehold 4% bonds, due 1952, and provide additional orking capital necessitated by panded operations. On comple- on of current financing plans, pitalization will consist of this sue of debentures and 220,000 ares (no par) common stock. nly 200,000 shares of common ock are now outstanding but it expected that in the near fu- re stockholders will be offered ghts to subscribe for the additional 20,000 shares on the basis of one share for each ten held.

Central Soya Co.'s products consist of soybean oil, meal and flour; livestock and poultry feeds; soy grits and puffs, and lecithin or phosphatides. Plants are in Decatur, Ind.; Gibson City, Ill., and Marion, Ohio. In the last fiscal year the company processed over 13,500,000 bushels of soybeans and for the nine months ended June 30 processed 10,715,000 bushels. The industry has an annual processing capacity of about 110,000,000 bushels with the ten largest processors accounting for about 80% of this capacity. Consolidated net sales for the 1943 fiscal year were $44,950,000, and $38,010,000 for the nine months ended June 30, 1944, while consolidated net profit before depreciation, interest and income taxes during these periods amounted to $4,608,000 and $2,881,000, respectively.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

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"Our Reporter On Governments"

JOHN T. CHIPPENDALE, JR.

The continued liquidation of the partially tax-exempt obligations, and the purchasing of the taxable 2% bonds, have been the principal features of the Government bond market in the past week. . . . Both the intermediate and long-term partially exempt securities were still in supply, with the highest premium obligations showing the largest declines, some of which are now as much as ⅝ of a point under their highs for the year. . . . The improved war situation, together with the existing doubt about future tax trends, are reported to be the reasons for the uncertainties that are overhanging the market for the partially exempt issues. . . .

It was pointed out, that while it is not possible at this time to forecast future tax trends, and the effect they might have on the partially exempt bonds, there is considerable support of the opinion that as soon as one phase of the conflict is completed, some reductions will be made in taxes, with the excess profits taxes the first to be changed. . . .

At presently prevailing levels, the partially exempt obligations are attractive only to institutions that need tax protection, principally from the excess profits taxes. . . .

PARTIALLY EXEMPTS vs. TAXABLES

A comparison recently made between some of the taxable and the partially tax-exempt securities shows why institutions that do not need further tax protection have been sellers of the partially exempt obligations and buyers of the taxable issues. . . . An example of this is indicated by the following:

Issue—	Rate	Maturity	Recent Price	Yield to Call Date	Tax Free Yield
Taxable	2%	9-15-1953-51	100 23-32	1.89%	1.13%
Partially tax exempt	2%	6-15-1955-53	105 16-32	1.34%	1.13%

Both of these issues are considered to be within the 10-year maturity range, since based upon the prevailing policy of the Treasury the partially exempt obligations will be retired at the call date, 1953, in this instance. . . . The taxable 2% due 9-15-53/51 at 100 23/32 give a yield to the call date of 1.89% and a tax-free yield of 1.13%, compared with a yield of 1.34% to the call date and a 1.13% return on a tax-free basis for the partially exempt 2% due 6-15-55/53 at present prices of 105 16/32. . . .

It was pointed out that if the yield on the taxable bond was figured to maturity rather than to the call date, it would be 1.91%, while on a tax-free basis it is 1.14%, somewhat more favorable than the return obtainable from the partially exempt obligations at currently prevailing prices. . . .

While there is a difference of only three months in maturity in favor of the partially exempt issue, there is a substantial differential in premium between the two bonds, with more than 4¾ points in favor of the taxable security. . . . Another comparison that has recently been made is as follows:

Issue—	Rate	Maturity	Recent Price	Yield to Call Date	Tax Free Yield
Taxable	2%	6-15-1954-52	100 16-32	1.93%	1.16%
Partially tax exempt	2¼%	6-15-1956-54	107 3-32	1.46%	1.23%

Considering the taxable 2% issue as a 1954 maturity, the yield to maturity would be 1.96% with a tax-free yield of 1.18% or just slightly under that available in the partially exempt issue, with a difference in the premium account of 6⅝ points in favor of the taxable 2% bond. . . .

OUTSIDE BANK SELLING

It was reported that some of the banks in the districts outside of New York, after comparing the relative positions of the taxable and tax-free bonds, have eliminated a substantial part of their holdings in the partially exempt obligations at present high prices and have used the greater of these funds to purchase the 2% taxable

(Continued on page 808)

AMERICAN MADE
MARKETS IN
CANADIAN
SECURITIES

Abitibi Pr. & Ppr. 5s, 1953
Algoma Cen. Hud. Bay Ry.
5s, 1959
Canada Steamship 5s, 1957
Can. Pac. Ry. 4s, '49, 3½, '51
Minn. Sault Ste. Marie 5½s, '78
Minnesota Ontario Paper 5s, '78
Montreal Island 5½s, 1957
Quebec Power 4s, 1962
Shawinigan Water & Pr. 4s, '61
Steep Rock Iron Mines 5½s, '57
Winnipeg Elec. 5s, '56, "A"-"B"

Bank of Montreal
Bank of Nova Scotia
Canadian Bank of Commerce
Dominion Bank
Imperial Bank
Provincial Bank of Canada
Royal Bank of Canada

HART SMITH & CO.
52 WILLIAM St., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

American Water Wks. & Elec.
5s, 1975
Community Water Service
6s, 1946
East Coast Public Service
4s, 1948
Eastern Minnesota Power
5½s, 1951
Peoples Gas Co. (N. J.)
5s, 1968
Tyler Building (N. Y.)
6s, 1953

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DIgby 4-7060 Teletype NY 1-955

American Maize Products Co.

General Tin Investment

Tokheim Oil Tank & Pump Co.

Universal Match

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Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

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Public Utility Securities

"Aboriginal Cost" Opposed By State Commission

The Federal Power Commission, and in less degree the Securities and Exchange Commission, have been trying to introduce a new system of cost accounting for utility plants under their jurisdiction. Through its own regulations and orders, through NARUC (National Association of Railway and Utility Commissioners), and through "missionary work" among individual commissions, the FPC has introduced a new philosophy that plants should be written down to their "cost when first devoted to public use." The latter has been nicknamed by the utility industry "aboriginal cost" with the implication that such cost goes back to the dark ages of accounting. Original cost records of some plants, possibly constructed 40 or 50 years ago, may be entirely missing and it is necessary for the commission and company engineers to reconstruct these costs on the basis of various estimates. While a considerable percentage of "aboriginal cost" may represent sound cost accounting, some of it may be merely guesswork.

Also the FPC's procedure is a "one way street." No readjustment **upward** seems to be permitted even when justified by sound accounting methods. Thus in the Hope Natural Gas case, where part of the original cost had been charged to operating expenses under Standard Oil ultra-conservative bookkeeping methods, the commission did not allow this amount to be added back in.

Under the accounting regulatons described by the FPC and by many of the State commissions, the proportion of present plant accounts in excess of original cost is divided into two parts known as "100.5—electric plant acquisition adjustments" and "107—plant adjustments." The former represents the actual or estimated excess of the monies paid for purchased plants, over aboriginal cost, and the latter represents "write-ups" on the books of the company or its predecessors, in excess of the amounts which they paid when they purchased or constructed the properties.

The fact that a number of holding companies had written up system books by substantial amounts was investigated by the Federal Trade Commission and its findings were reported to Congress, becoming the basis for some of the regulatory provisions contained in the Holding Company Act. Many of these write-offs have now been wiped out, by agreements between the companies and various regulatory commissions, and further readjustments are in progress. But nothing contained in the Utility Act specified that the commissions should require the utility companies to take additional amounts out of plant accounts, cutting them down to "aboriginal cost." Nevertheless, by indirect means, such as making such adjustments a condition for the approval of reorganizations and recapitalizations, refundings, etc., a considerable amount of this additional adjustment has been carried out. This, of course, raises the possibility of rate cuts, based on reduction of the "rate base." And the Supreme Court has not thus far given the utilities any protection (the Hope case did not present the issue in clear-cut form).

It is rather surprising, therefore, to find one of the State commissions — the Arkansas Department of Public Utilities — criticizing the idea of "aboriginal cost." The 69-page Findings and Order (Docket No. 225) in the rate case of the Arkansas Power & Light Co., handed down June 24th, can only be quoted briefly. The Commission stated (p. 28) "insofar as strict accounting principles are concerned, there is ample authority for the amortization of the cost of intangibles. This accounting authority, however, does not presume to make the amortization of intangibles mandatory, even in unregulated industries. It recognizes the trusteeship of management as the custodian of the funds of the particular business. It leaves the matter of the disposition of amounts carried in the accounts representing the costs of intangibles entirely to the discretion of that management. Accounting authority recognizes that accounting is the recording, classifying, and summarizing of costs and in no way attempts to account for values, except insofar as liquid assets, as distinguished from fixed assets, are concerned."

The Commission also (p. 32) points out that integrated utility systems may be worth substantially more than the original cost of the separate units, because the process of system-building and integration increases the overall efficiency and potential capacity: "Prior to the program of acquisition, construction, and integration which resulted in the creation of the present electric system of respondent and its organization, the electric industry in this territory was in a pioneer and substantially undeveloped stage. This is made apparent by a comparison of the facilities in service in April, 1925, with the service and facilities shown at the end of what may appropriately be called respondent's major development period, the year 1929. The integration of the properties has been of substantial benefit to the public of the areas served now by respondent. The evidence further shows that the integration was not the result of fortuitous circumstances. The new enterprise was planned and promoted for the purpose of developing the territory. . . . Neither respondent, nor anyone else, could have successfully integrated and operated the properties and obtained these results except through common ownership thereof, and that such ownership could not have been acquired if respondent, in acquiing the properties, had been limited in the price paid to a mere return to the various owners of the original cost of the physical properties."

American Gas & Power 3-5s & 3.6s 1953
Associated Gas & Electric Securities
Crescent Public Service 6s 1954
Portland Electric Power 6s 1950

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Atkinson, Merle With Stewart, Scanlon Co.

SAN FRANCISCO, CALIF. — Douglas G. Atkinson and Leo V. Merle have become associated with Stewart, Scanlon & Co., members of the San Francisco Stock Exchange. Mr. Atkinson was formerly a partner in Keyston & Co. Mr. Merle was recently with Dickey & Co.

Stewart, Scanlon & Co. have recently moved from 216 Montgomery Street to enlarged quarters in the Mills Building.

Broker-Dealer Personnel Items

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Parker S. Merriam** is now associated with **Coburn & Middlebrook**, 465 Congress Street. Mr. Merriam was previously with F. L. Putnam & Co.

(Special to The Financial Chronicle)

QUINCY, ILL. — **Frederick E. Bexten** has joined the staff of **Slayton & Co.**, Illinois National Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Mrs. Mary B. Ross** is with **Barrett Herrick & Co., Inc.**, 418 Locust Street.

(Special to The Financial Chronicle)

TACOMA, WASH. — **Salem A. Nourse** is now connected with **Merrill Lynch, Pierce, Fenner and Beane**, Washington Building. Mr. Nourse was formerly with Hewitt, Reeder & Co.

Samuel Peacock With Hemphill, Noyes & Co.

PHILADELPHIA, PA.—Samuel M. Peacock has joined the organization of Hemphill, Noyes & Co., members of the New York Stock Exchange, as registered representative of the firm in its office in the Fidelity-Philadelphia Building. Mr. Peacock was formerly a partned in the firm of E. J. Moore & Co., and has been in the securities business for more than 25 years.

Announce Formation O Edward Jeuther Jr. Co

Elliot & Wolfe announce tha the foreign bond business heretofore conducted by them will b continued by Edward Jeuther, Jr. who has been associated wit them for many years. Mr. Jeuthe has formed Edward Jeuther, Jr. & Co. with offices at 70 Pine St. New York City.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations whic currently offer attractive possibilities, the firm believes. Copie of these circulars, on the following issues, may be had from War & Co. upon request.

Du Mont Laboratories "A" Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory General Instrument: Long Be Lumber Co.; Great American Industries; Mid-Continent Airlines Massachusetts Power & Light $ preferred; Majestic Radio; Magnavox Corp.; Electrolux; Purolator; Brockway Motors; Mohawk Rubber, Moxie, Scoville Mfg. Douglas Shoe; and American Export Airlines.

Tax Free In Pennsylvania

H. H. Robertson Company, which is tax free in Pennsylvania, offers interesting possibilities according to a memorandum issue by Buckley Brothers, 1529 Walnu St., Philadelphia 2, Pa., member of the New York and Philadelphi Stock Exchanges. Copies of thi memorandum may be had fro the firm upon request.

Taxes And Reconversion

Hirsch, Lilienthal & Co., 2 Broad St., N. Y. City, members o the New York Stock Exchang and other exchanges, have pre pared an interesting study o taxes and reconversion. Copie may be had from the firm upo request.

Interesting Situation

H. R. Baker & Co., Russ Bldg San Francisco, Calif., have available an interesting report o Security First National Bank o Los Angeles. Copies of this repo may be had from the firm upo request.

This advertisement is not, and is under no circumstances to be construed as, an offering of these Bonds for sale or as a solicitation of an offer to buy any of such Bonds. The offering is made only by the Offering Circular.

$37,800,000

Chicago Union Station Company

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Dated July 1, 1944 Due July 1, 1963

PRICE 101½% AND ACCRUED INTEREST

Copies of the Circular dated August 23, 1944, describing these Bonds and giving information regarding the Company may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities law of such State.

Kuhn, Loeb & Co.

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Harriman Ripley & Co. Incorporated Ladenburg, Thalmann & Co.
Lazard Frères & Co. Lee Higginson Corporation
Stone & Webster and Blodget Incorporated Union Securities Corporation

New York, August 24, 1944.

OUR REPORTER'S REPORT

The Labor Day holiday which normally marks the end of the summer dullness in the new issue market is now little less than a week away.

Signs of reawakening interest are found in preparations among underwriting bankers for seeking new business, most of it destined to be awarded via the competitive bidding route.

This week was due to bring a break in the lethargy which held the situation in its grip through recent weeks. Several issues were up for bids today, which means that they probably will reach market early next week if they are cleared by the Securities and Exchange Commission as regards price, spread, etc.

And New York Central's $15,500,000 of equipment trust certificates, even though they don't interest the average investor, helped to swell the total of new material becoming available.

At least two groups were expected to enter bids for Birmingham Electric Co.'s $10,000,000 of new 30-year first mortgage bonds which were up for sale today.

And it looked as though at least four banking syndicates would be in the running for the $44,000,000 new Chicago Union Station securities, including $37,800,000 of first mortgage bonds, due 1974, and $6,200,000 of notes also scheduled for sale today.

The waning of the summer vacation season should help to ease somewhat the strained worker situation in the Street which received cognizance last week when the major exchanges voted to recess last Saturday and the next two week-ends in order to afford a heavily worked staff a breathing spell.

Ohio Edison Program

Another rather large piece of new public utility financing came into light the other day when the Ohio Edison Co. of Akron filed with the Securities and Exchange Commission in preparation for refinancing its outstanding bonded debt of $52,446,000 in 4% bonds and 198,952 shares of $6 and $5 preferred stocks.

The company proposes to sell a new issue of $30,962,000 of 30-year bonds and 180,000 shares of new preferred stock. The bonds, it was indicated, would carry interest of not more than 3¼% while the dividend rate on the new stock would not exceed 4½%.

Funds raised from the sale of the foregoing securities, together with the $10,000,000 to be borrowed from banks in the form of 2¼% installment notes, plus $17,000,000 of company cash, would be applied to retirement of the outstanding securities. Ohio Edison is a subsidiary of Commonwealth & Southern Corp., which would bolster Ohio's common stock equity by transferring to the company certain securities which it holds.

Awaiting Calls for Bids

Bankers are awaiting calls for bids on several other pieces of business which are in the cards and expected to develop early next month. Among these is the projected Indiana & Michigan Electric Co.'s 120,000 shares of new cumulative preferred stock of $100 par value.

Funds raised by sale of this issue would be used along with some $7,880,000 in bank loans to be provided by a group of New York banks to purchase and retire outstanding 7 and 6% preferred stocks.

Portions of those issues, namely, 544 shares of the 7% and 35,473 shares of the 6% preferred, are held by the American Gas & Electric Co. The balance of both issues is held by the public.

Empire District Electric

Competition promises to be lively for new bonds and common stock which the Empire District Electric Co. proposes to market. Even though the company has not set any definite date for the sale of these securities, at least five groups are known to be in process of formation with a view to seek the $10,600,000 of new first mortgage bonds involved.

The common stock sale will be in the form of a secondary operation, since it is already issued and held by the Cities Service Power & Light Co. This undertaking involves, as well, 6,500 shares of 5%, $100 par, cumulative preferred stock.

Proceeds will be applied to the redemption of $10,044,900 of the company's outstanding 5% bonds due March 1, 1952, plus $851,200 of first mortgage 5% bonds of the Ozark Power & Light Co., assumed by Empire, which proposes to acquire, by merger, the propties of several other firms, namely, Ozark Utilties Co., Lawrence County Water Light & Cold Storage Co., and Benton County Utilities Co.

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Railroad Securities

Louisville & Nashville stock has been acting relatively poorly in recent weeks, trending lower on desultory trading in the face of a generally steady rail share market and periodic signs of strength among other rail equities in the investment category. The disappointing action of this fundamentally sound rail stock dates from the beginning of the current month and apparently stems from the failure of the company to announce any broad refunding operation. From a credit standpoint, the road is certainly in at least as good a position as Great Northern to accomplish a successful refinancing, and it had generally been expected that the company would take steps to eliminate its high coupon junior bonds (running to as much as 5%) this year.

The last opportunity to call the junior bonds for redemption this year passed on Aug. 1. With growing optimism as to the possible further length of at least the European phase of the war, and with the prospects for railroads in the immediate post-war period considered clouded, some investors have begun to fear that perhaps the road has "missed the boat"—that when the next opportunity to call these bonds comes around the general railroad bond market conditions may not be so favorable. It is recalled that many railroads missed excellent refunding opportunities in the railroad bull market of 1936-37 and suffered severely for their errors in the subsequent recession.

While failure to consummate a refunding at this time may have proved discouraging to many holders of the stock, and to many prospective purchasers, most rail among the most attractive investment issues in the field. They contend that this is true even if, as is by no means certain, the best opportunity for refunding has passed. The long-term earnings and dividend history of the properties, the progress already made in reduction of debt and fixed charges, and the favorable traffic prospects in a normal economy, are all cited as factors warranting a constructive attitude towards the stock. Moreover, it is considered fairly certain that even if the high coupon bonds were not refunded this year there will be a sharp reduction in the amount of unified mortgage bonds (3½s, 1950, and 4s, 1960) outstanding at the year-end. In fact, in some quarters it is expected that both series will be called in their entirety for Jan. 1, partially with the proceeds of a very low-cost serial or bank loan.

Except in the severest depression periods, Louisville & Nashville's debt had not constituted a particularly heavy burden. Nevertheless, the management has been among those that has pursued a conservative policy of debt retirement in recent years. As a result, fixed charges have been reduced by about $2,000,000 in the last 10 years to a current level indicated at roundly $8,300,000. These charges would absorb only 9.4% of average 1938-40 revenues, a modest requirement for a road inherently so efficient as the L. & N. They would have been covered in every year of the depression decade.

The stock has been one of the most consistent dividend-payers among the railroads, having had only one lapse (1933) since before the beginning of the present century. The rate in recent years has been $7.00 a share per annum, which would afford a return of better than 8% at recent market levels. Considering that all indications point to the stock emerging into the post-war era as a regular, and liberal, dividend payer even in periods of subnormal business, it is little wonder that rail men generally look with favor on the shares from an investment standpoint.

Aside from its past record, the road appears to have better-than-average traffic prospects on a return-to-normal business and railroad traffic flow. It is heavily dependent on bituminous coal from fields that have shown long-term secular growth. Such traffic is relatively invulnerable to resumption of highway competition. In addition, the road has benefited from the industrial growth of the southeastern area which has opened up important new traffic sources. This long-term territorial growth has been further stimulated by war needs and much of the new capacity is believed to be of a permanent nature.

McRoberts, Graham Co. Is The New Firm Name

SAN ANTONIO, TEX.—McRoberts & Company, Frost National Bank Building, announce the admission to partnership of Charles R. Graham, formerly manager of the Municipal Bond Department of F. S. Yantis & Company, Chicago, Illinois; and change of firm name to McRoberts, Graham & Co.

We are now trading as brokers and dealers in the "when issued" securities of the new SEABOARD RAILWAY COMPANY.

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Canton O'Donnell With Garrett-Bromfield Co.

(Special to The Financial Chronicle)

DENVER, COLO. — Canton O'Donnell has become associated with Garrett-Bromfield & Company, 650 Seventeenth Street. Mr. O'Donnell has recently been serving as a Major in the U. S. Army. In the past he was president of O'Donnell-Owen & Co. for many years.

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Abolish The NASD Questionnaire

(Continued from page 779)

classifications, or the bases on which they were made, not to air them amongst the members, and to write a rule against the wish of the membership, contrary to the by-laws which imposed upon the Board the duty of submitting rules or amendment to the franchise of the members.

Oh, yes, the Board is clamoring that the rule is not a rule, was never intended to be one, that it's just a yardstick; and didn't the NASD write District No. 13 on June 6, 1944, saying the "5% policy" is not a rule, but should be considered by District Business Conduct Committees "as a desirable objective or yardstick, neither more nor less, and be employed by them in the light of the circumstances surrounding each transaction which may be the subject of examination or review under the Rules of Fair Practice!"

What folderol! No one is deceived by that self-serving declaration. When it was made the New York Security Dealers Association and the Securities Dealers Committee had already instituted their proceedings before the SEC to test the "5% rule." The NASD was in the toils of an alleged violation of its by-laws. The heat was on. The poll of the "Chronicle" had also shown that a vast majority of the NASD membership regarded the 5% spread philosophy to be a rule, and was opposed to it.

Last minute attempts to call the rule by another name fooled no one.

The subject of questionnaires, in and of itself, is sufficiently important to require that its proper establishment in the NASD should be via the rule making route, through submission to the membership for its vote. As far as we know, that has not been done. Prying into the business of its members, into their very transactions, and placing on them the burden of baring their business in the absence of specific complaints, is an invasion of the rights of those members inconsistent with the alleged "self-regulation" which has been touted so much recently.

THIS MENACE OF ENTRAPMENT UNDER THE GUISE OF SELF-REGULATION SHOULD BE ABOLISHED. QUESTIONNAIRES SHOULD BE OUT, AND THE DEATH BLOW DEALT TO ENTRAPMENT.

The power of visitation possessed by the SEC is an adequate safeguard.

Real Estate Securities

By JOHN WEST

Allerton New York Corporation Suggests Indenture Modifications To Improve Position Of 6% Income Mortgage Bonds

Sept. 1, 1944, Distribution To Be $28.50 Per $1,000 Bond

The Allerton New York Corporation owns three well located hotels in New York City—the Allerton, 38th Street (Midston House), a 17-story, 475-room hotel at Madison Avenue and 38th Street; the Allerton, 39th Street, a 17-story, 392-room building on 39th Street east of Lexington Avenue; and the Allerton, 57th Street, a 17-story, 450-room hotel at 57th Street and Lexington Avenue.

The directors of the corporation in a communication dated Aug. 9, 1944, to income mortgage bondholders, who also own 50% of the equity stock of the corporation, have, in my opinion, made some very sound suggestions which if incorporated as trust indenture modifications should be of material benefit to the security holders and result in an increased market value for the bonds. Based upon available income for the first six months of 1944 the most important suggested indenture modification would have the effect of providing for close to a 4% annual interest distribution and, more important, about $75,000 cash for sinking fund operation for purchase of bonds to retire funded debt.

The reorganization of these properties, like similar other reorganizations, although it reduced fixed charges and placed interest and sinking fund requirements on an income basis, provided that too large a portion of earnings be used for interest distribution, instead of a more sensible ratio in order that sinking fund operations could reduce funded debt. It provided that income interest be paid up to 6% per annum and that the only funds available for sinking fund would be the fractional part above multiples of 1/20th of 1% in excess of interest payments. It also provided for cumulative interest rates as follows: 1% for 1936, 2% for each of the years 1937 to 1940; 3% for each of the years 1941 to 1945, and 4% for each of the years 1946 to 1954. These provisions have in my opinion been unsound as the sum of only $6,446.50 has been available for retirement of funded debt from 1936 through 1943, although $603,631.75 has been distributed as interest, yet an unpaid accumulation of interest is shown as of Dec. 31, 1943, in the amount of $113,159.25.

In the corporation's suggested modifications, the cumulative interest rate would be changed to a flat 2% from 1937 to 1954 and surplus income above 2% interest would be used, 50% for additional interest up to 6% and 50% at the discretion of the board for sinking fund. Had this modification been in effect from 1936 through 1943, the sinking fund would have been approximately $42,000, about seven times the amount actually available; a small amount over the period, true, but due to low occupancy ratios of hotels in general until 1943. Had the applicable income of $201,676.03 for 1943 been available for such a split as above instead of being used for interest accumulations, 3½% interest would have been paid on the bonds and about $61,000 would have been available for sinking fund retirement of funded debt.

Part of the corporation's letter, I believe, is quite significant and important enough to quote as follows:

"While it may be said that the results for 1943 and the first six months of 1944 were due in large part to the prevailing high rate of occupancy of all hotels in New York City, they are also in no small measure due to the policy of the corporation and efforts of the management in maintaining the properties at their maximum degree of usefulness and, more particularly, in preserving the character and type of service for which the corporation's properties have become noted and which have appealed to its particular clientele. This has resulted in a higher level of occupancy than in the case of New York hotels generally during the past eight years and enabled the management, in spite of highly competitive conditions, gradually to raise the average rate per room per day over 26% during the period prior to the establishment by the OPA of ceiling prices as at February, 1943.

"The Whaler Bar, which was constructed in 1937 in the Midston House, at 38th Street and Madison Avenue, at an approximate cost of $21,000, has had the effect of increasing the profits of the beverage department from $12,000 for the year 1935 to over $69,000 for the year 1943, and the Nantucket Coffee Shop, constructed in 1939 at a cost of approximately $15,000, has had the effect of changing the operation of the restaurants, exclusive of beverages, from a loss to a profit almost equal in each year to the cost of the installation.

"At the same time, very substantial reductions have been obtained in the assessed valuations for real estate tax purposes. Prior to the reorganization, and while the corporation was still in the courts under Section 77B of the Bankruptcy Act, the assessed valuation of the properties was in excess of $5,000,000. During the past several years constant efforts have been made to obtain relief from these assessments with the result that the total assessment for the current year is $3,250,000; and your Board is making an effort to obtain a further reduction. While the direct benefits of these reductions have been to a large extent offset by the rise in the tax rate, they have been instrumental in enabling the corporation to pay the interest payments made to date.

"The corporation's position has thus been strengthened during the war period and this should be of continued benefit to the security holders if and as the current high level of occupancy and use of the properties should begin to fall off."

As an example of how security holders have benefited through a reorganization which laid more stress on retirement of funded debt, I cite the case of the Lincoln Building Corp. 5½s, 1963, which provided that before any interest be paid net income was to be charged with a depreciation and obsolescence fund to be used for retirement of funded debt which at that time amounted to $15,213,500 and which now totals only about $10,500,000. Bonds are currently quoted 118-120.

It is my contention that security holders are more interested in the market value of the bond they own than in whether they receive $20, $30, $40 or $60 annual income.

The adoption of the suggested indenture modifications in the case of the Allerton New York Corp. by bondholders will in my opinion increase the market value considerably above its now low price around 40. Dealers with customers owning these securities might well advise them to advise the corporation that they favor the submission of a plan involving the suggested modifications. Such amendments would require substantially unanimous consent of bondholders who, also as 50% equity owners in the properties, have a lot to gain.

Chicago Union Station Bonds On Market

A banking group headed by Kuhn, Loeb & Co. was awarded Aug. 22 $37,800,000 first mortgage, series "G" 2⅞% bonds of Chicago Union Station Co. The bonds, dated July 1, 1944, and maturing July 1, 1963, are being offered to the public at 101½. Sale of these bonds is subject to aproval of the Interstate Commerce Commission.

Other members of the banking syndicate include Blyth & Co., Inc., The First Boston Corporation, Glore, Forgan & Co., Goldman, Sachs & Co., Harriman Ripley & Co. Inc., Ladenburg, Thalmann & Co., Lazard Freres & Co., Lee Higginson Corporation, Stone & Webster and Blodget, Inc., and Union Securities Corporation.

Proceeds to be received by the company through the sale of these bonds, together with proceeds from the sale of $6,200,000 Guaranteed Serial Notes, will be applied to the redemption on January 1, 1945, of $44,000,000 principal amount of outstanding first mortgage, series "E", 3¾% bonds due July 1, 1963.

The bonds may be redeemed at the option of the company in whole or in part on ninety days' notice on or after July 1, 1949, at prices ranging from 105% for redemptions prior to July 1, 1951, down to 100% for bonds redeemed after July 1, 1961, together with accrued interest in every case.

Plastics Future Attractive

Growth possibilities and outlook for Durez Plastics & Chemicals, Inc., appear most attractive according to a memorandum on the situation prepared by J. Roy Prosser & Co., 52 William Street, New York City. Copies of this memorandum may be had from the firm upon request.

Situations of Interest

F. H. Koller & Co., Inc., 111 Broadway, Newe York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Tomorrow's Markets Walter Whyte Says—

Rumors notwithstanding, market appears headed for temporarily lower figures—On reaction, certain stocks should be bought—Expect rally resumption in near future

By WALTER WHYTE

Most of last week's market was given over to advances. In some cases these were sharp, in others they were minor. But whether large or small, they were apparently sufficient to make the mass opinion veer around again to the side of optimism. Oddly enough, the current popular favorites are the utilities. Almost everybody has a piece of "inside" information to prove that some utility or other is in for a bonanza. As a matter of fact, these stories of coming moves in the group were so common that even the N. Y. Stock Exchange was forced to give them official recognition by asking members to report the sources of the stories, if they knew of them.

* * *

Tracing down a story to the original source would be interesting if for no other reason than to prove that a story gets plenty of embellishments as it makes the rounds. A market commentator back in 1929 deliberately told an annoying but persistent questioner a hoked-up yarn about a certain stock. Within two hours that story was all over the Street as having come "from the highest sources." The strangest climax of this rumor was that the stock actually did go up some 10 or so points. Everybody made money out of it but its originator. In fact, even he began to believe in the legitimacy of his brain child and was strongly tempted to buy. It all reminds us of the one about the old waterfront panhandler who wanted a free drink.

* * *

This old codger dashed into a bar and yelled, "Whale ashore!" figuring that while everybody dashed out he could help himself to a couple of quick ones. His yell of "whale ashore!" stampeded the mob. They all made for the door, almost trampling over the yeller. Catching his breath, the free loader looked at the mob in dismay. "Dadgumit, maybe there is a whale ashore," he reasoned. And off he dashed, following the crowd. So much for rumors.

* * *

But to get back to the market itself and what it looks like now. Two weeks or so ago prices were down. At that time certain stocks were recommended with the state-

(Continued on page 805)

Market Opinion

In our last market letter we advised liquidation of funds but, at the same time, we want our clients to keep in mind that when it is an opportune time to re-instate your position to give consideration to doing so.

This letter has been prompted by many inquiries from numerous clients concerning our ideas of the present condition of the stock market.

We suppose there has never been a time when it is more necessary to appraise all the factors surrounding each individual situation since war has benefited many and harmed many, and since peace may benefit others and harm others, at least from the standpoint of their respective profits, markets, earnings, reconversion problems, etc.

Obviously, if we could appraise accurately the duration of the war, both in Europe and in the Pacific, and the speed with which reconversion to peace products will be permitted, our problem would be simpler, but generally speaking it would seem to us that companies with minor reconversion problems and with excellent peace-time prospects should be the ones to benefit most in the coming months. On a broader scale, however, we are inclined to believe that the following factors will produce substantially higher prices for stocks over the longer range outlook:

(a) We believe that a successful conclusion of the war at a not too far distant date has been anticipated and discounted in most instances.

(b) Many people will, of course, expect a break on the advent of peace in Europe, and that the market will follow the 1918-19 pattern, but we are of the opinion that (1) this has been discounted; (2) the public is usually wrong; (3) the situation is not analogous to 1918-19 since taxes have drawn off most of the war profits (80% to 90%), and since we can see a substantial decline in gross for many corporations without their net being seriously affected; and more importantly since all stocks are selling at a fairly low price-earnings ratio, which was not the case in 1918-19. At that time you had low income taxes and a high price ratio so that the temporary decline after the war affected profits drastically. You will recall, however, that the market turned upward in a fairfly short space of time and continued on until 1920-21, declining again in 1922 and 1923.

(c) You will also recall that stock prices then moved up from 1923 to 1929 almost uninterruptedly; and this brings us to the following significant fact: In the latter part of 1928 or early in 1929 stocks of 50 of the leading corporations in America listed on the New York Stock Exchange, which companies also had outstanding bonds, were selling to yield less than the bonds of the same companies, in many instances from a 3% to a 4% stock yield. In other words, from 20 to 40 times earnings, whereas the bonds were yielding from 4% to 5%. We said at that time that this was out of line and could not continue; that bonds should certainly yield less than stocks. You may recall also that Mr. Mellon about that time came out with this famous statement: "Now is a good time to buy bonds."

Everyone knows what subsequently happened in the latter part of 1929; that the market moved up in 1930, but again reached its lows in June of 1932. We think it is also true that the stock market has never really recovered from the blow of that period and its subsequent repercussions.

In the meantime, and coming down to date, the bond market has moved up to its highest levels of all time. Tax exempt municipals are selling to yield from .40% to a 2% basis, and taxable high-grade util [illegible] industrials and even some of the rails are selling to yield from about 2.50% to 4%. Long-term taxable governments are selling to yield approximately 2½%, and even the long-term AA utilities and industrials are selling at almost comparable taxable yields. However, stocks are still selling at a relatively low price-earnings ratio from 5% to 20% or from 4 to 20 times earnings.

The pendulum has swung the other way and there is probably the widest demarcation in yields between high-grade bonds and high-grade stocks that we have witnessed, except possibly in 1942 and 1943 before the present rise took place.

The following additional factors are important: (1) Corporate taxes have in our judgment reached their ultimate and there is an increasing evidence that Congress will reduce corporation taxes, which of itself would benefit corporate earning power for common stock. (2) The cushion of post-war refunds and post-war tax benefits, (even if no change in present tax law) is substantial; as stated above earnings could decline drastically without affecting too seriously the net earnings per share. In fact in some cases the benefits are such that corporations could lose money for two or three years following the war and still show a net profit on the common stock after tax adjustments.

More important than any of the above factors, however, IS THE FACT THAT PURCHASING POWER OF THE AMERICAN DOLLAR IS DECLINING. There re many dollars in circulation and fewer things to purchase. The supply of bonds has diminished; the supply of stocks has not increased. It is estimated that there is 100 to 125 billion dollars of surplus buying power in the country. Automobiles, radios, washing machines and hundreds of other items are practically unavailable. This money does not remain idle indefinitely, and it is almost obvious that a part of it at least, will flow into investment channels.

More obvious to us, but possibly unnoticed by the public, so-called, is the fact that regardless of who is in office in Washington, THE SERVICE COST OF THE GOVERNMENT DEBT PLUS THE COST OF GOVERNMENT, SOLDIER'S RELIEF, REHABILITATION, PENSIONS AND HOSPITALS AND OTHER ITEMS, WILL KEEP THE DOLLAR EXPENDITURE OF THE GOVERNMENT FROM SOMEWHERE BETWEEN 20 TO 30 BILLION DOLLARS ANNUALLY. If this sum is to be financed from taxes and the budget is to be balanced, as ultimately it must, obviously the pressures will be enormous to keep dollar income high in terms of American dollars—and by high we mean above the 100 billion level, nearer if possible the 150 billion level. To us this means higher prices in terms of American dollars, and reduced purchasing power in terms of American dollars. Call it what you will—inflation, deflation or controlled economy, it still comes to the same result—higher prices for everything.

Obviously, therefore, if corporations are to produce larger income and larger taxes and larger wages, the price structure will be higher and earnings in terms of dollars should be higher. We are told on fairly good authority that it will cost General Motors somewhere between $1,800 and $2,000 to produce a Chevrolet of comparable quality of the 1940 models. If this be true, it speaks for itself as to the post-war structure.

It would be ridiculous to intimate that stock prices, which after all from day to day are dependent upon mass psychology as much as anything else (number of selling orders in relation to the number of buying orders), could not decline from today's levels, but our judgment tells us that such a decline could be but temporary, and over the longer range viewpoint today's prices may look quite low.

Another factor not generally known and which could be quite substantial in its effects is that there are more sold-out optimists ("bulls" in stock market parlance), who are sitting on the side lines waiting for a buying opportunity than ever before in all history. This opportunity may come, but we personally would not bank too heavily upon it. Add to this the amount of money in the hands of people who never had it before and who will spend it at the first opportunity, thereby ultimately putting it into the hands of investors, and you have the backlog for a continued upward trend.

We have not mentioned the Bretton Woods conference, and if you read between the lines you must see that ultimately in some form or other the United States is going to contribute huge sums to the world banking arrangement, which, whether it be a glorified PWA or a conservative institution, is inflationary so far as world prices are concerned.

Nor have we mentioned the persistent attempts on the part of labor to break down the restrictions of the "Little Steel Formula" which may yet have its effect before election. We do not believe this wage level can be held, nor do we believe there is any serious intention of doing so. Thus a higher wage level would again cause a higher cycle of prices in terms of American dollars.

It should be obvious that due to the stupendous and continuing growth of currency in circulation, savings accounts, bank deposits and government bond holdings immediately convertible into cash, the old dollars of 1930-32 have a tremendous number of new dollar competitors; *a larger amount of dollars competing for a reduced supply of goods.*

The common stocks of well managed American companies with a satisfactory post-war outlook, representing as they do property which cannot be replaced at current prices of the stock, are almost certain in our judgment to reflect these conditions. *Prices for such securities should reflect the multiplication of dollars which has taken place and is almost certain to continue for some months to come,* irrespective of how soon the war ends. — *Wm. A. Spanier, President, A. A. Bennett & Company.*

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Unemployment And Business Activity—Are They Inconsistent?

Ralph E. Samuel & Co. Sees Possibility Of "Quite A Total Of Unemployed" And High Productive Activity At Same Time With Business Operations Pleasingly Profitable To The Investor

In thinking about the immediate post-war years in America, many commentators are too ready we believe to consider business activity and unemployment as mutually exclusive. In our opinion this is a fallacy. For as the wars approach their end it becomes reasonably clear that it may not be a question of "either/or."

On the contrary it now seems quite probable that in the early post-war years we will witness high business activity, which may have considerable unemployment as a concomitant.

Moreover, this is not as paradoxical as it may initially appear. For traditional American productive genius may be able to supply our own needs, with plenty left over for export abroad, without our reaching the desired goal of full employment.

Today our production is probably scraping up against a new all-time ceiling. And we are achieving that record, one should keep clearly in mind, with 10 or 12 million men and women in the Armed Services. When they return to civilian life and civilian jobs they may in part displace a large total of other, and to some extent newer, workers. Hence, a year or two from now we may witness quite a total of unemployed in the U. S. A. but at the same time productive activity may remain high and business operations pleasingly profitable to the investor.

As a matter of fact, struggle with the problem as we may, unemployment of considerable dimensions may be with us for a long time to come. Public works may take up part of the slack, an experimental shorter work-week may be helpful, and unemployment insurance of course will somewhat ease the problem. But all of these obviously are mere palliatives—in no sense do they promise to get to the undiscovered root of the problem.

(We use the words "undiscovered root" for there is little to be gained in blinking the fact that it has only been in time of war that we have been able to find jobs for **all our employables.)**

However, despite our having quite a total of unemployment for some time to come, one must not jump to the erroneous conclusion that corporate prosperity will be absent or limited. Quite the contrary—American business may operate in a manner highly satisfactory to investors despite the absence of full employment. For the job of filling the needs of the 40,000,000 or more at work, **and their families,** will result, it is clear, in a high level of business activity and satisfactory profitable operations.

Taxes, of course, may drain off a fair part of corporate profits in order to ease the burden of those to whom employment cannot be furnished. But that's another problem—and one that unfortunately tends to become political and contentious. — RALPH E. SAMUEL & CO.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number forty-six of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Bottles

Whiskey is aged in barrels, but is sold in bottles. While it is in the barrel things are happening to whiskey—it changes. Practically colorless when it goes into the "wood," it soon takes on an amber hue from the charred oak staves and as time goes on this color deepens to a reddish brown. It also absorbs certain flavor elements from the wood. Whiskey, after it is put into the barrel, continues to improve over a period of years, and the number of years, before it reaches its peak, varies. Sometimes it takes six or seven years, or longer. It depends upon the type of whiskey, warehousing conditions, and the characteristics of the barrel.

When put in the bottle, unlike wine, which may continue to improve, whiskey may be adversely affected by the incorrect type of glass. Now, this may be news to you.

The art of bottle-making goes way back to antiquity, and many are surprised to learn that in our own country the first glass factory was built in Virginia in 1608. But, in spite of the fact that the making of glass and bottles began some thousands of years ago, it has only been during the past few years that the effect of various liquids on their glass containers has been seriously studied. It is now generally known that certain glass has a peculiar action on some liquids, and these liquids likewise have an effect on the glass.

Well, based on scientific study, experimentation and their resultant findings, the distiller today, in his laboratories, has worked out very careful specifications and sampling tests to which all bottles are subjected before they are accepted for whiskey, gin, etc.

In one of our other articles we said, "Men in white have discovered more about whiskey during the past few years; its control during the fermentation and distillation processes; its aging in the wood and its bottling, than in the many hundreds of years preceding." May we say that again?

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Whitaker Paper Common
Land Trust Certificates
Philip Carey Co., Pfd.
Gibson Hotel L. T. C.
Income Bonds, Pfd. & Com.
W. D. Gradison & Co.
MEMBERS
New York Stock Exchange
Cincinnati Stock Exchange
New York Curb Associate
Dixie Terminal Building
CINCINNATI 2
Tel. Main 4884 Tele. CI 68 & 274

Cleveland Traders To Hold Annual Field Day

CLEVELAND, O.—The Cleveland Security Traders Association announces that the annual Field Day and Dinner will be held on Friday, Sept. 1, at the Westwood Country Club, Detroit Road, Rocky River, O.

Features of the day will be golf, baseball, and the dinner, with free beer and door prizes.

Reservations should be made with E. E. Parsons, Jr., Wm. J. Mericka & Co., Union Commerce Building, Cleveland. Guest fee, $3.50.

Ohio Municipal Comment

By J. AUSTIN WHITE

Until a week or 10 days ago there was a keen demand for Ohio municipals of high quality. For a month or more prior thereto, there was a noticeable neglect of second grade names. However, during the past several days, demand has slackened generally for all Ohios. As a result activity has slowed down appreciably. Two possibilities are suggested for the disappearance of the strong demand previously prevailing for high-grade names. Some dealers are laying the blame on vacations of investors, which are usually, of course, quite numerous in the latter part of August. These prognosticators are looking forward to a renewed demand for bonds with the return of buyers after Labor Day, and with the usual heavy maturities of Ohios in September and October.

J. Austin White

The other possible explanation of slackening demand refers to the likelihood that the war in Europe will not last much longer, with the usual implication that new municipal bonds will be issued in great volume when the war is over, and that tax rates will probably be lower in the post-war period, resulting in a greater supply of municipals and a lower value for their tax-exempt income, the final result being lower prices for municipal bonds.

It happens that demand began to slacken about the time of the disintegration of German resistance in France. The war news has been so favorable since that predictions of an early German defeat have gained greater acceptance. Thus it may very well be that the present dullness is due to circumstances more important than the vacation period.

Buyers Still Shying From Second Grades

But whatever the explanation for current activity, there is another aspect of the market that deserves mention. Starting some two months ago, demand for municipals was decidedly centered on high-grade names, with second-grade bonds being noticeably neglected. This distinction assumed such proportions that during this period prices for second-grade Ohios receded somewhat while prices for high-grade names rose slightly. As reported elsewhere on this page, the Ohio Municipal Price Index for 10 second-grade bonds showed an increase in yield from 1.46% on June 16, 1944 to 1.49% on Aug. 16, 1944, while during the same period the yield on 10 high-grade Ohios decreased from 1.16% to 1.13%.

On June 16, last, the spread between the yield on these high-grade bonds and these lower grades was .30%. On Aug. 16 the spread was .36%. Until this summer the spread between the prices at which all these bonds were selling was constantly being narrowed. On Aug. 18, 1943, the spread was .38%. But in two short months the spread has widened until now the two indices of yield are further apart than they have been at any time during this year.

It seems quite possible, indeed, perhaps more than possible, that the real explanation of this centering of attention and demand on quality and neglect of lower grade bonds is the result of some thought of the effect the end of the war boom may have on communities that are only second-grade risks.

As we have so often emphasized, it would seem advisable to consider what may happen to tax collections in many war-busy communities, when the Government quits buying, when sellers must compete for buyers (instead of the reverse), when overtime payments are cut off as they become a part of the cost of producing a commodity to be sold to individual consumers, instead of a part of the cost of a cost-plus contract with the Government, when employees at least as numerous as the jobs available for them.

During the war "prosperity" most any subdivisions has received ample tax collections, because money has been free and easy. But it is not likely to be always so. Perhaps more buyers are beginning to think of this possibility, and to think of investing in communities best able to withstand a decline in payrolls (and tax collections) after the war.

Ohio Supreme Court Rules Against Akron Tax Levy

Last spring the City of Akron levied an over-all tax rate of 30.50 mills, including outside its 7.5 charter limitation for the city, sufficient millage to pay all unvoted bonds issued before this charter limitation was adopted on Nov. 6, 1928. The city authorities assumed that the charter limitation would not affect the levy needed to service bonds issued before the adoption of the charter limitation. This assumption was based upon the famous Hudson Case decision of the Ohio Supreme Court, rendered several years ago, in which decision the court held that the 10-mill tax limitation written into the Ohio constitution effective Jan. 1, 1934, "was directed against new and not preexisting debt."

The Court has just held, however, that Akron could not levy outside the 7.5-mill charter limitation for bonds issued prior to the effective date of this limitation because previously the city was operating under a statutory tax limitation of 5 mills for municipalities in Ohio, and the adoption of a tax limitation of 7.5 mills did not impair the contracts with bondholders, since the new limitation was greater and not less than the previously existing limitation.

It would seem that this decision does not strengthen the Hudson case, although that case was strongly reaffirmed in the subsequent Columbus case decision, that permitted the City of Columbus to levy outside the 10-mill limitation for bonds issued prior to Jan. 1, 1934. It is true that Akron operates under its own charter, while Columbus does not. But the reasoning of the court in the Akron case was substantially that the 7.5-mill charter limitation was not less than the previously existing statutory limitation under which Akron operated and, therefore, the adoption of such limitation of 7.5 mills did not impair preexisting debt. It is difficult to understand, since Columbus and Akron operated under the same statutory limitations before 1928, how a 10-mill limitation could be held to impair preexisting debt, if a 7.5-mill limitation does not.

In any event Akron will likely be refunding some $680,000 maturing this year, and the new refunding bonds should be offered for sale shortly. Moreover, it is likely that the city, in order to have sufficient funds for current operations, will be obliged to refund substantial amounts of bonds annually for several years. However, there is a possibility that the people of Akron will be asked to vote a tax levy of some 2½ mills in order to avoid this necessity of future annual refunding. It is possible such a levy might well be passed, or at least a substantial part of it might be approved, since its approval would require only a majority vote.

Ohio Brevities

The Ohio Edison Co. has asked SEC approval of a refinancing program to retire $52,446,000 of 4% bonds and 198,952 shares of $6 and $5 preferred. To provide funds for the retirement, the company would issue and sell $30,962,000 30-year bonds and 180,000 shares of new preferred, borrow $10,000,000 from banks on 2½% instalment notes and use $17,000,000 of its cash. The new three-year bonds would bear an interest rate of not more than 3¼% and the new stock a rate of not more than 4½%.

Commonwealth & Southern Corp., parent of Ohio, would contribute to Ohio's common stock equity by transferring to it all of the outstanding shares of Pennsylvania Power Co.'s common stock—110,000 shares valued at $4,516,521. It would also surrender for cancellation 1,162 shares of Ohio's $6 preferred stock and make a capital contribution of the 12,134 shares of $6.60, $7 and $7.20 preferred stock transferred to Ohio for cancellation on Dec. 31, 1943.

A banking group headed by Westheimer & Co., Cincinnati, is making a public offering of the unexchanged portion of a new issue of 35,000 shares of 5% cumulative preferred stock ($50 par) of the E. Kahn's Sons Co. at $50 per share and accrued dividend.

The E. Kahn's Sons Co. recently offered to holders of its outstanding 7% preferred stock ($100 par) the privilege of exchanging stock for the new 5% preferred on a basis of 2⅕ shares of new stock for each share of 7% preferred, with cash adjustment for dividend. The exchange offer expired Aug. 16. Proceeds from the sale of the unexchanged shares will be used to redeem at $110 per share and accrued dividends all unexchanged shares of the 7% preferred stock. Balance of funds will be added to working capital.

* * *

The annual report of the Hilton-Davis Chemical Co. for the year ended June 30, 1944, shows a net profit after all taxes of $222,341 or $1.09 a share on the 147,771 common shares outstanding as compared with $218,914 or $1.06 per share for the 1943 fiscal period. The report states that the Federal income and excess profits taxes paid in 1944 amounted to $1.78 per share as compared with $2.01 per share the preceding year.

* * *

Consolidated net profit of Willys-Overland Motors, Inc., for the nine months ended June 30, 1944, after $15,793,100 Federal income and excess profits taxes and $4,760,000 reserves, amounted to $2,854,356, it was reported today, Aug. 24. These earnings represent an increase of $714,692 over net profit of $2,139,664 for the corresponding period of the previous fiscal year. Net sales for the nine months totaled $156,558,754, an increase of approximately 22% over sales of $123,921,920 in the nine months ended June 30, 1943.

The company's cash balance as of June 30, 1944, including U. S. Government securities, amounted to approximately $18,000,000. Company's net working capital on the same date, without post-war credit estimated at $3,713,796 and after payment of $563,155 in accrued dividends, amounted to $13,900,000, before renegotiation, as compared with $8,700,000 for the corresponding period of 1943.

In accordance with the announcement made to stockholders several months ago, the company has now completed the conversion of all preferred shares not retired on or before Aug. 1, 1944. The nine months' earnings per share on the basis of common stock outstanding on June 30, 1944, were equal to $1.24 per share. Unfilled contracts on hand are the highest in the history of the auto concern.

* * *

O. D. Donnell, President of the Ohio Oil Co., in connection with the release of the company's statement for the first six months of 1944 reports net profits of $7,959,891, or $1.21 per common share. This reflects a continuation of the income factors that were operative in the last half of 1943, which resulted in earnings equivalent to $1.17 per common share; in the first half of 1943 earnings amounted to 97 cents per common share. During the first half of 1944 capital expenditures of $8,587,537 were made, representing a substantial increase in the flow of funds into property accounts due primarily to the expanded drilling program.

The company has maintained a strong liquid financial condition with cash and short term government securities totaling $24,325,949 at June 30, 1944. Total current assets and current liabilities were respectively, $38,213,768 and $11,012,645. The regular semi-annual dividend of 25 cents per share and an extra dividend of 25 cents per share were paid to common stockholders June 15, 1944.

Ohio Municipal Price Index

Date—	*	†	‡	§
Aug. 16, 1944	1.31%	1.49%	1.13%	.36%
Aug. 9	1.30	1.48	1.13	.35
Aug. 2	1.31	1.48	1.13	.35
July 12	1.31	1.48	1.15	.33
Jun. 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
Apr. 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.63	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Foregoing compiled by J. A. White & Co., Cincinnati.

OHIO SECURITIES

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Union Cent. Bldg. CINCINNATI Tele. CI 150

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Status Of Foreign Dollar Bonds Slightly Changed In 1943

Analysis By The New York University Institute Of International Finance Indicates Approximately One Half In Amount Are In Default—Repatriation And Foreign Purchases Continue—Germany And Japan Account For 61.42% Of Total Bonds Repatriated

In 1943 debt service has been paid in full on $2,594,551,760 or on 48.58% of the total of $5,340,733,585 of publicly offered foreign dollar bonds outstanding on Dec. 31, 1943, according to a bulletin entitled "Statistical Analysis of Publicly Offered Foreign Dollar Bonds," issued Aug. 14 by Dean John T. Madden, Director of the Institute of International Finance of New York University.

Dean J. T. Madden

The reduction in the proportion of bonds serviced in full from 50.07% in 1942 was due mainly to the fact that amortization and redemption of fully serviced bonds were greater than repurchases and cancellations of bonds in total or partial default.

Data on the status of all publicly offered foreign dollar bonds as of Dec. 31, 1942 and 1943, are summarized in Table I.

At the end of 1943 Europe and Latin America accounted for 85.7% of defaulted bonds. Of the total Latin American bonds in default, Brazil and Mexico account for 26.5% and 31.7%, respectively, while German issues represent 57.0% of total European defaulted bonds. The Far East and North American bonds represented only 11% and 3.3%, respectively, of the total defaulted bonds.

The geographical distribution of foreign dollar bonds in default as to interest on Dec. 31, 1943, is shown in Table II.

An analysis of interest defaults by types of obligators shows that bonds of national governments account for 42.0%, corporate bonds for 37.3%, States, provinces and departments for 10.8%, and municipal bonds for 9.9%.

The actual rate of interest return in 1943, based upon the amount of cash interest received for 1943 coupons on the nominal amount of publicly offered foreign dollar bonds outstanding at the end of the year was 2.22%, as compared with the contractual rate of 5.17%. In 1942 the amount of cash interest received constituted 2.37% as against the contractual rate of 5.25%.

For 1943 an actual rate of return of 1.23% was received on Latin American bonds as compared to a contractual rate of 5.41%, while for 1942 the rates were 1.24% and 5.43%, respectively. In 1943 Europe paid at the rate of 0.97% instead of the 6.10% contractual rate. In the preceding year Europe paid 1.01% instead of 6.10%. The North American group of issues in both years paid almost the full contractual rate of interest. While all Australian issues paid interest at the contractual rate, the Far Eastern group as a whole paid only 2.21% instead of the average contractual rate of 5.55%, owing to the complete default of the Japanese issues. The amount received in cash in respect to 1943 coupons was 42.99% of the contractual amount due, as against 45.16% in 1942.

The contractual amount of interest due and the amount received for 1943 coupons of bonds outstanding on Dec. 31, 1943, are shown in Table III.

The Institute has obtained information on foreign dollar bonds repatriated or purchased by foreigners of issues of 23 countries out of a total of 39 countries still having dollar bonds outstanding in the United States. At the end of 1943 these 23 countries had outstanding $2,435,892,102 principal amount of dollar bonds of which bonds with a face value of $713,457,335, or 29.29% of the outstanding amount were held abroad. Only $48,533,000, or 6.8% of the total repatriated amount represent bonds of countries that are paying interest in accordance with the loan contract.

Germany and Japan, which are in complete default of debt service, account for 61.42% of total principal amount of bonds repatriated. These two countries have repurchased $243,020,400 and $195,181,080 of principal amount of bonds, or 36.53% and 68.81%, respectively, of their dollar issues publicly offered in the United States. In contrast, however, to the German repatriation, which was carried out mainly during the period the country was in partial or total default on interest and sinking fund payments, the repatriation by Japan took place while service of the bonds was fully maintained.

The bulletin also discusses recent developments of importance to holders of foreign dollar bonds, including the Brazilian debt service adjustment plan and the Plan of Financial Reorganization of the City of Montreal.

TABLE I

	Dec. 31, 1942		Dec. 31, 1943	
Debt service in full	$2,789,600,000	50.07%	$2,594,500,000	48.58%
In default as to interest	2,664,000,000	47.81	2,628,600,000	49.22
In default as to sinking fund or principal	118,000,000	2.12	117,600,000	2.20
Total	$5,571,600,000	100.00%	$5,340,700,000	100.00%

TABLE II

	Amount Outstanding	Amount in Default	Per Cent of Total Defaulted Bonds
Latin America	$1,537,500,000	$1,086,100,000	41.3%
Europe	1,436,800,000	1,166,600,000	44.4
Far East	520,300,000	289,200,000	11.0
North America	1,846,100,000	86,700,000	3.3
Total	$5,340,700,000	$2,628,600,000	100.0%

TABLE III

	Nominal Amount Outstanding	Contractual Amount of Interest Due	Per Cent of Average Contractual Rate of Interest Due	Actual Amount Received in Cash	Per Cent of Average Rate of Return
Latin America	$1,537,452,000	$83,165,000	5.41%	$18,852,000	1.23%
Europe	1,436,810,000	87,683,000	6.10	13,927,000	0.97
Far East	520,320,000	28,859,000	5.55	11,485,000	2.21
North America	1,846,151,000	76,316,000	4.13	74,400,000	4.03
Total	$5,340,733,000	$276,023,000	5.17%	$118,664,000	2.22%

Forms Hartford & Co.

BOSTON, MASS.—Ezra C. H. Hartford will shortly engage in the investment business under the firm name of Hartford & Co. In the past Mr. Hartford conducted his own securities firm in Boston.

Baker & Scanlan Tie In Denver J-K-S Race

Mrs. Ed. H. Welch, No. 6—Dudley Baker, No. 5—Earl M. Scanlan

DENVER, COLO.—Dudley Baker of Bosworth, Chanute, Loughridge & Company, and Earl M. Scanlan, Earl M. Scanlan & Company, made history at the annual frolic of the Bond Club of Denver and the Investment Bankers Association by ending the annual Jackass Derby in a dead heat—which is practically unheard of in view of the nature of the mounts. Mrs. Edward H. Welch of Chicago (wife of the Secretary of the National Securities Traders Association) is crowning the winners with a lei of vegetables.

Clyde Porcelain Steel Stock Oversubscribed

Kobbe, Gearhart & Co. Inc. on Aug. 21 offered 100,000 shares of Clyde Porcelain Steel Corp. common stock (par 10 cents) at 75 cents per share. The shares were oversubscribed. The date of offering and the price of the stock has now advanced to approximately $2 per share. Proceeds received by the company through the sale of these shares will be used for additional working capital.

Upon completion of the present financing, the outstanding capitalization of the corporation will consist of 3,603 shares of preferred stock (no par) and 700,000 shares of common stock (10 cents par). The company was originally incorporated in Ohio in 1933 as Davidson Enamel Co. In 1943 the corporate name was changed to Clyde Porcelain Steel Corp., without any change in management or stock interests. The plant of the company in Clyde, Ohio, is strategically situated in the Great Lakes industrial area, the center of the household appliance industry and in the most concentrated and diversified industrial and agricultural section of the country. It is served by the New York Central, Wheeling & Lake Erie, and the Cleveland, Cincinnati, Chicago & St. Louis Railroads.

The corporation is comprised of five divisions — plumbing ware, household equipment, assembly, table top, and Veos tile. The latter division, originally acquired from Mullins Manufacturing Corp. in 1938, manufactures the only product which the company markets to the ultimate consumer. This tile is quickly installed over existing walls without expensive wall preparation and delay, by means of a self-locating foundation sheet. It weighs only 3½ pounds per square foot installed, compared with about 18 pounds per square foot for clay tile.

Inasmuch as the facilities of the corporation are essentially designed for peacetime production, reconversion represents no great difficulty, delay or expense. The management believes that complete reconversion of its facilities could be effected in 30 days.

This advertisement is not, and is under no circumstances to be construed as an offering of this security for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such security. The offer is made only by means of the Prospectus.

NEW ISSUE

35,000 shares*

The E. Kahn's Sons Company

(AN OHIO CORPORATION)

5% Cumulative Preferred Stock

($50 Par Value)

*Less 18,008 shares issuable in exchange for 7% Preferred stock ($100 par) pursuant to the company's Exchange Offer, the terms of which are summarized in the Prospectus.

Price $50 per share and accrued dividends

Copies of the Prospectus may be obtained from such of the undersigned as are registered securities dealers in this state.

Westheimer & Company

W. E. Hutton & Co. **W. D. Gradison & Co.**

August 18, 1944

Mutual Funds

Trend Index Turns Up

In the issue of June 29 we reported here that a down-signal had been given by the Stock Price Trend Indicator which is referred to from time to time in this column. We wrote, "The signal was given on June 27, and while it does not preclude another week or 10 days of further advance, by past indications it puts the market on the defensive beyond that point."

On Aug. 21 this short-term signal was reversed and both the shorter-term and longer-term indexes now point upward. This would indicate that while there may be another week or two of consolidation in the present trading range, the next significant movement should be upward.

* * *

It is interesting to note how the emphasis in mutual fund sales literature has shifted away from "romance" in favor of "results" during recent years. **Distributors Group,** for example, in a mailing on **Fully Administered Shares,** stresses the performance of that group, as revealed in **Barron's** (July 31, 1944) "Quarterly Investment Company Gauge." **Barron's** shows the results for both a complete bull and bear market. Here are the figures:

	Bull Market Sep. 30, '39 to Jun. 30, '44	Bear Market Sep. 30, '39 to Mar. 31, '42
Average of 32 funds	+32.2%	—16.8%
Dow-Jones Composite Average	+24.4	—24.2
Fully Administered Shares	+42.9	— 5.2

* * *

Walter L. Morgan, President of **Wellington Fund,** likewise goes into considerable detail regarding the 15-year performance of that fund in the June 30, 1944, report to shareholders. Mr. Morgan's comments on the "why" of this superior performance go to the heart of the mutual fund principle:

"Your Fund has now completed its 15th year of operation. Recently we have had many requests to explain the reasons for the Wellington Fund record of performance throughout these 15 years. If I were to try to summarize in a few words what might have accounted for the successful accomplishment of the Wellington Fund I would say it was due to the following:

"1. Broad diversification of the portfolio where substantial profits were realized in undervalued bonds and preferred stocks as well as common stocks.

"2. Careful selection of individual securities and changes in ratios of portfolio holdings with changes in economic conditions.

"3. A continuous, experienced and alert management which made these changes in the character and diversification of the portfolio and accumulated cash reserves for reinvestment in anticipation of specific market declines.

"Throughout the past 15 years it has been demonstrated that a good investment record cannot be obtained by diversification alone no matter how selective; it must be accompanied by continuous and experienced management."

A good measure of the performance of **Wellington Fund** is its record from the Sept. 3, 1929 high point of the market to June 30, 1944. During this period per share asset value showed a net **increase** of 14.9% as compared with a net **decline** of 50.1% in the Dow-Jones Composite Stock Average.

* * *

Lord, Abbett has adopted a uniform report to shareholders for the three companies under its active sponsorship—**Affiliated Fund, American Business Shares** and **Union Trusteed Funds.** In this report the outstanding feature is the letter of the President. Not only are subjects of immediate concern with respect to the financial statements covered, but the letter then goes afield to discuss subjects of prior concern to investors generally.

Chapters on executive compensation under present tax laws and a glimpse into the post-war future both make for stimulating and constructive reading.

Net assets of **Affiliated Fund** on June 30, 1944, were $14,646,388, equivalent to $4 per share on the outstanding capital stock. This compares with net assets of $12,368,908, or $3.24 per share at the beginning of the year.

American Business Shares reported net assets of $4,948,311 on June 30, 1944, compared with $4,460,629 six months earlier.

Union Trusteed Funds on June 30, 1944, had total net assets of $4,962,501, representing a substantial increase from the $3,296,598 at the beginning of the year.

Situations Of Interest

Cruttenden & Co., 209 South La Salle Street, Chicago, members of the New York and Chicago Stock Exchanges, have late data on Maryland Drydock Co., Elastic Stop Nut Corp., and Struthers Wells Corp. Copies of this interesting information may be had from the firm upon request.

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BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Suggested Plan For A General International Organization

(Continued from page 778)

on the principle of the sovereign equality of all peace-loving States, and open to membership by all such States, large and small, for the maintenance of international peace and security." In a resolution of Nov. 5, 1943, the Senate of the United States recognized the necessity of a general international organization in identical terms.

The lines to be followed in building such a general international organization have therefore become a matter of immediate interest to the people of this and other countries.

Acting solely in their private capacities, a group of Americans who have had experience in the work of international organizations have endeavored to block out the lines which in their judgment might best insure the efficacy of a general international organization. In a series of fifteen conferences held over a period of several months, they have sought to draw upon the experience of the past as well as upon the numerous suggestions which are current; they have been aided especially by the statement on "The International Law of the Future" recently issued by two hundred Americans and Canadians actively interested in international law. The result is the Design for a Charter which is offered here. It is intended to serve not as a draft of an instrument, but as an indication of the outstanding problems which present themselves and of possible and desirable ways of dealing with them.

The phrase "General International Organization" has been taken from the Moscow Declaration and the Senate resolution. It is employed not as a name but as a term of refence, the initials GIO being used for convenience.

The Design consists of eight parts.

Part I indicates the nature of the proposed Organization, setting forth its general purposes, its composition, a method for its establishment, and its succession to the League of Nations.

Part II outlines the structure of the proposed Organization. It would have an Assembly in which all States could be represented and which would not be bound by the traditional rule of unanimity. It would have a Council in which a relatively small number of States would be represented, some of them continuously, and which would deal with questions primarily political. The Council would maintain a special Security Committee for preventing or suppressing the use of force. A General Commission would deal with matters not committed to the Council. The Permanent Court of International Justice would be the chief judicial authority of the GIO. The International Labor Organization would become a part of the GIO, and other existing organizations might be adapted to the structure of the GIO. Control of the budget of the GIO would be vested in the Assembly.

Part III, on the maintenance of peace and security, would confer broad powers on the Assembly and the Council. The latter would deal with any specific situation in which the peace is threatened, and it would have power to prescribe the measures, military or economic, which all States would be obligated to take for the maintenance of peace. The Security Committee would act under the Council's direction, but in any emergency it would be able to move on its own initiative. States represented in the Security Committee would be obligated to take part in its action to the full extent of their resources. A general power to prescribe limitations with respect to armaments would be conferred on the Assembly.

Part IV would provide procedures for the pacific settlement of disputes. It would confer on the Permanent Court of International Justice a general jurisdiction over legal disputes, and the Council would have power to deal with, and if necessary to decide, any dispute not pending before the Court. If a State should fail to comply with any decision, the Council would have power to take the action required to give effect to it.

Part V would provide agencies and procedures for promoting the general welfare. The Assembly would be empowered to create special agencies in various fields, examples of which are enumerated, and the General Commission would coordinate their efforts. Each State would have a duty to observe the dictates of humanity and justice in dealing with its own population, and special provision would be made for giving attention to the problems of dependent peoples.

Part VI concerning agreements between States, deals with the registration of treaties, with the revision of agreements not wholly performed, and with the readjustment of situations which threaten to endanger peace.

Part VII sets forth measures for safeguarding the supremacy of international law. All agreements between States would be required to be consistent with the Charter of the GIO which would be the basic instrument of international law, and the Assembly would be given power to shape the international law of the future in conformity with the Charter.

Part VIII would provide a carefully guarded procedure for amending the Charter.

The Design as a whole places emphasis on three features to which special attention is directed:

a) The universality of the GIO is contemplated, not as a goal of aspiration but as a fundamental concept. All existing States would at all times be comprised in the GIO. Every State would have the general obligations to keep the peace which the Charter ordains; each State would be entitled to representation in the Assembly, though only a recognized Government of the State could accredit its representatives; no States would be encouraged to form a rival and hostile organization because of their being left out. The whole community of States would be organized in the GIO and the Charter would be the basic instrument of the law of that community. Such an extension of international law, like some of the great extensions made in the past. could be effected by the States upon which events have placed responsibility for the future—by the United Nations and such others as may associate with them for creating the GIO.

b) The Charter would create definite obligations for all States with respect to the maintenance of peace, but with respect to promoting the general welfare it would place the emphasis on consultative arrangements for voluntary cooperation among States.

c) The Charter would not attempt to lay out ready-made solutions of international problems. Instead, it would create agencies, procedures, and methods by which solutions might be sought in the future according to the wisdom of the time.

While the members of the group were not unanimous on every point, the Design represents their general views at the present stage of their deliberations. The following men, among others, took part in the conferences devoted to the preparation of the Design, under the chairmanship of Judge Manley O. Hudson:

Frank Aydelotte, Princeton, New Jersey
Director of the Institute for Advanced Study; American Secretary of the Rhodes Trustees; Chairman of the Educational Advisory Board of the Guggenheim Foundation
Formerly President of the Pennsylvania League of Nations Association

Frank G. Boudreau, New York City
Executive Director of the Milbank Memorial Fund
Official of the Health Organization of the League of Nations, 1925-1937

Malcolm W. Davis, New York City
Associate Director of the Division of Intercourse and Education of the Carnegie Endowment for International Peace
Formerly Associate Secretary General of the International League of Red Cross Societies; member of the Executive Committee of the International Committee on Intellectual Cooperation

Clark M. Eichelberger, New York City
Director of the League of Nations Association; Director of the Commission to Study the Organization of Peace
Formerly official of the International Federation of League of Nations Societies

Raymond B. Fosdick, New York City
Under Secretary General of the League of Nations, 1919-1920

Huntington Gilchrist, New York City
Official of the League of Nations Secretariat, 1919-1928; member of the Secretariat of the Council of the United Nations Relief and Rehabilitation Administration, 1943

Manley O Hudson, Cambridge, Massachusetts
Judge of the Permanent Court of International Justice; member of the Permanent Court of Arbitration
With the American Commission to Negotiate Peace, Paris, 1918-1919; member of the League of Nations Secretariat, 1919-1926; legal adviser to the International Labor Conference, 1919, 1920, 1924

Philip C. Jessup, New York City
Professor of International Law, Columbia University
Secretary *pro tempore* of the Council of the United Nations Relief and Rehabilitation Administration, 1943; Assistant Secretary General of the United Nations Monetary and Financial Conference, 1944

Herbert L. May, New York City
Vice-President of the Permanent Central Opium Board and Acting Chairman of the Drug Supervisory Body affiliated with the League of Nations

Philip C. Nash, Toledo, Ohio
President of the University of Toledo
Formerly Executive Director of the League of Nations Association

George Rublee, Washington, D. C.
With the American Commission to Negotiate Peace, Paris, 1918-1919; Member of the Allied Maritime Transport Council, 1918-1919; Legal Adviser to the American Delegation at the London Naval Conference, 1930; Director of the Inter-Governmental Committee on Political Refugees 1938-1939

James T. Shotwell, New York City
Professor Emeritus of the History of International Relations, Columbia University; member of the International Committee on Intellectual Cooperation; Chairman of the Commission to Study the Organization of Peace; Director of the Division of Economics and History of the

Carnegie Endowment for International Peace
With the American Commission to Negotiate Peace, Paris, 1918-1919

Preston W. Slosson, Ann-Arbor, Michigan
Professor of Modern European History, University of Michigan
With the American Commission to Negotiate Peace, Paris, 1918-1919

Arthur Sweetser, Washington, D. C.
With the American Commission to Negotiate Peace, Paris, 1918-1919; official of the League of Nations Secretariat, 1919-1942; Chairman of the United Nations Information Board, 1942-1943

Quincy Wright, Chicago, Illinois
Professor of International Law, University of Chicago

Secretary: Louis B. Sohn
Langdell Hall, Cambridge, Mass.

Aug. 1, 1944

DESIGN FOR A CHARTER OF THE GENERAL INTERNATIONAL ORGANIZATION (GIO)

I. Nature of the GIO

1. The primary aims of the GIO should be to maintain international peace and security and to promote the well-being of all peoples.

2. The GIO should be established by a Charter applicable to all States as the basic instrument of international law.

3. a) The Charter of the GIO should be launched, on behalf of the community of States, by the United Nations and by such other States as may associate with them for the purpose.

b) The Charter should become operative upon its acceptance by a prescribed number of States, including certain named States.

4. a) The Charter should provide that the GIO shall at all times comprise all existing States, and hence no provision should be made for the expulsion or withdrawal of any State.

b) A list annexed to the Charter should name the States existing at the time.

5. The Charter should provide for a procedure by which the GIO, upon its establishment, shall succeed the League of Nations.

II. Structure of the GIO

6. a) The principal organ of the GIO should be an Assembly, meeting annually and more frequently as occasion may require.

b) Each State should be entitled to appoint three representatives in the Assembly, and should be free to select them in the manner which it considers most appropriate.

c) The Assembly should have power to pass upon the credentials of States' representatives.

d) The Assembly should have power, in accordance with rules previously adopted, to restrict the participation of a State's representatives under certain conditions.

e) Each State represented in the Assembly should have one vote

f) Unanimity should not be required for action by the Assembly; a special majority vote should be required with respect to certain matters, and in some cases this majority should be required to include the votes of the States represented in the Council or of the States continuously represented in the Council. The votes of States having less than 100,000 inhabitants should not be counted for any majority required in the Assembly.

g) In principle, all questions of procedure should be decided by a simple majority vote.

7. a) A Council, meeting at stated intervals and as occasion may require, should be created to deal with international matters which are chiefly of political significance.

b) The Council should consist of the representatives of 11 States. After an initial period of five years the Assembly should have power, acting with the concurrence of the Council, to increase the number of States represented to fifteen.

c) The States to be represented in the Council during the initial period of five years should be designated in the Charter; the States designated in the Charter as having the chief responsibility for the maintenance of peace should continue to be represented after the expiration of the initial period until one or more of them may be replaced by the Assembly on account of essential changes in relative responsibility.

d) Subject to the foregoing provision, the States to be represented in the Council continuously or for limited periods of time should be selected by the Assembly, with reference to the importance of their role and responsibility in international affairs.

e) A State not represented in the Council should be entitled to participate in its deliberations on any matter specially affecting the interests of that State.

f) Each State represented in the Council should have one vote.

g) Unanimity should not be required for action by the Council; a special majority vote should be required with respect to certain matters, and in some cases this majority should be required to include the votes of the States continuously represented in the Council.

h) A State should not have a vote in the Council on any occasion in which its unauthorized use of force is in question.

i) In principle, all questions of procedure should be decided by a simple majority vote.

8. a) A permanent Security Committee of the Council should be charged with responsibility for suppressing the use of force by States in their relations with other States and for carrying out preventive measures as authorized by the Council or the Assembly.

b) The Security Committee should be composed of the representatives of the States continuously represented in the Council, and of the representatives of such additional States as may be selected by the Assembly acting by two-thirds vote including the votes of States continuously represented in the Council.

c) A simple majority vote, including the votes of the States continuously represented in the Council, should be required for decisions by the Security Committee.

d) A State should not have a vote in the Security Committee on any occasion in which its unauthorized use of force is in question.

9. a) A General Commission, meeting at stated intervals and as occasion may require, should be created to deal with international matters other than those committed to the Council.

b) The General Commission should consist of the representatives of fifteen States. After an initial period of three years, the Assembly should have power, acting with the concurrence of the General Commission, to increase the number of States represented to twenty-one.

c) The States to be represented in the General Commission during the initial period of three years should be designated in the Charter; the seven States designated in the Charter as having the more general interests in international affairs should continue to be represented after the expiration of the initial period until one or more of them may be replaced by the Assembly on account of essential changes in relative position.

d) Subject to the foregoing provision, the States to be represented in the General Commission continuously or for limited periods of time should be selected by the Assembly, with reference to the importance of their role in international affairs.

e) A State not represented in the General Commission should be entitled to participate in its deliberations on any matter specially affecting the interests of that State.

f) The General Commission should have power to associate with itself representatives of international organizations having specialized responsibilities.

g) Each State represented in the General Commission should have one vote.

h) Unanimity should not be required for action by the General Commission; a special majority vote should be required with respect to certain matters, and in some cases this majority should be required to include the votes of the States continuously represented in the General Commission.

i) In principle, all questions of procedure should be decided by simple majority vote.

10. The Permanent Court of International Justice should be the chief judicial organ of the GIO.

11. a) A Secretary General should be the chief administrative officer of the GIO.

b) The first Secretary General of the GIO should be named in the Charter, to serve for an initial period of five years; thereafter, the Secretary General should be elected by the Assembly on the nomination of the Council.

c) The Secretary General should be authorized to participate in the deliberations of the Assembly, the Council, and the General Commission, and to lay before these bodies any international matter which he may deem appropriate.

d) The Secretary General should have responsibility for contacts of the GIO with various international organizations, public and private.

12. a) A Secretariat of the GIO should be established and placed under the direction of the Secretary General.

b) The members of the Secretariat should be selected on the basis of individual competence and recruited upon as wide a geographical basis as possible.

c) The higher officers of the Secretariat should be appointed by the Secretary General with the approval of the Council; other members of the Secretariat should be appointed by the Secretary General.

d) The members of the Secretariat should be independent of any control by the States of which they are nationals, and they should neither seek nor receive instructions from any source other than the Secretary General.

e) The members of the Secretariat should enjoy diplomatic immunities in the territory of all States, subject to waiver by the Secretary General.

f) The seat of the Secretariat should be at ————. The Assembly should have power to transfer the seat elsewhere.

13. a) The Assembly should have power to determine what general international organizations with specialized responsibilities should constitute parts of the GIO, and to adapt their basic instruments to the Charter of the GIO.

b) The Assembly should have power to adapt to the structure of the GIO any special agencies of or associated with the League of Nations, and by appropriate arrangements to acquire properties held by the League of Nations.

c) The International Labor Organization should constitute a part of the GIO.

14. a) The Assembly should have power to deal with all questions relating to the budget of the GIO, to decide upon methods of providing funds, and to fix the proportions in which States should contribute.

b) Each State should be bound to pay its contribution promptly, and the Assembly should have power to determine the consequences of failure to discharge this obligation

c) In accordance with regulations to be established by the Assembly, the budget of the GIO should include provisions for reimbursing States for the expenses incurred in their representation in organs or agencies of the GIO.

III. Maintenance of International Peace and Security

15. a) The Charter should proclaim the duty of each State to refrain from any use of force and from any threat to use force in its relations with other States, except on behalf of the GIO and with its authority.

b) The Charter should provide that a State should be free to oppose by force an unauthorized use of force made against it by another State, subject to immediate reference to the Council.

16. a) The Assembly should have power to deal with any matter affecting the peace of the world or the good understanding between peoples on which peace depends.

b) The Assembly should have power to adopt general provisions for preventing and suppressing the use of force by States in their relations with other States.

17. a) The Council should have power, acting in accordance with policies adopted by the Assembly and subject to general control by the Assembly, to deal with any specific situation in which the peace of the world is jeopardized.

b) In dealing with such a situation, the Council should have power to prescribe the military and economic measures to be taken by States for

(Continued on page 800)

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

The stocks of sound banking institutions are usually classed among the more conservative equities, and as market performers they are usually not especially volatile. Bank operations, though reflecting general trade and business conditions, are nevertheless, more stable than are those of the average industry and business, on account of their broad diversification of risk.

There are periods, however, when bank stocks move higher than the general market, and such a period has developed since the market low of April, 1942. New York City bank stocks, as measured by Standard & Poor's Index, were at their low of 59.2 on April 22, 1942, while the Dow-Jones Industrial Average hit its low of 92.92 on April 28, 1942. On Aug. 9, 1944, the bank stock index was 105.7 and the Dow-Jones Industrial Average was 144.9. Thus bank stocks have moved up during the period 78.5%, compared with 55.9% for the industrials, a 40% greater move.

It is now of interest to point out that the previous high of the Dow-Jones Industrials was 194.4 on March 10, 1937, a level which was 34.1% above the 144.9 of Aug. 9, 1944. The previous high of the bank stock index was 154.5 in February, 1937, a level 46.2% above the 105.7 of Aug. 9, 1944. Thus bank stocks would have to show a 35.5% greater gain in order to reach their 1937 highs than would industrial stocks.

To turn to the performance of individual bank stocks, Table I is presented, which shows the asked prices of 15 leading New York City bank stocks at their 1942 lows and also as of Aug. 14, 1944, together with the percent appreciation of each. It will be noted that the average appreciation was 80.1%, that the maximum appreciation was 97.8% by Public National Bank & Trust, and that the minimum appreciation was 43.6% by United States Trust.

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
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Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

TABLE I

	Asked Price		%
	1942 Low	8-14-44	Apprec.
Bank of Manhattan	13	25	92.3%
Bank of New York	247	452	83.0
Bankers Trust	32⅛	54¼	68.9
Central Hanover	60⅛	107¾	79.2
Chase	21⅛	41⅛	94.7
Chemical	33	53⅛	61.0
Corn Exchange	26⅛	51⅝	97.6
First National	1,005	1,705	69.7
Guaranty Trust	190½	341½	79.3
Irving Trust	9⅝	16½	71.4
Manufacturers Trust	27¾	53¾	93.7
National City	21	39⅝	88.7
New York Trust	57	102¾	80.3
Public	22¾	45	97.8
United States Trust	1,020	1,465	43.6
Average			80.1%

Assuming that the bank stocks may reasonably be expected to reach their 1937 highs before the present "bull" market terminates, it is of interest to consider the potential appreciation of each of the 15 stocks from the present market level. In order to show this Table II is presented as follows:

TABLE II

	Asked Price		%
	8-14-44	1937 High	Apprec.
Bank of Manhattan	25	41½	66.0%
Bank of New York	452	550	21.7
Bankers Trust	54¼	86½	59.4
Central Hanover	107¾	153½	42.5
Chase	41⅛	65½	59.3
Chemical	53⅛	86	61.9
Corn Exchange	51⅝	77¼	49.6
First National	1,705	2,710	58.9
Guaranty Trust	341½	394	15.4
Irving Trust	16½	20¾	25.8
Manufacturers Trust	53¾	71	32.1
National City	39⅝	61½	55.2
New York Trust	102¾	164	59.6
Public	45	58	28.9
United States Trust	1,465	2,150	46.8
Average			45.6%

It will be observed that the average potential appreciation is 45.6%. Maximum potential appreciation is 66.0% for Bank of Manhattan, and minimum is 15.4% for Guaranty Trust. Naturally, there is nothing certain or absolute about these potential appreciation percentages; some stocks will exceed their 1937 highs, while others will not. But when they are considered together with other data which have been given in this column from time to time, such as earnings, book values, growth of earning assets, etc., they are of assistance in selecting those stocks which appear to have better than average possibilities.

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The Securities Salesman's Corner

By JOHN DUTTON

Public Relations And The Securities Business

Someday someone who knows how to handle public relations is going to come along and show the associations which now represent the various segments of the securities industry in this country just what kind of a real job can be done if proper organization and "know how" are applied to the task.

Instead of independent associations individually concerned with the immediate problems of the special fields in which they operate, such as the IBA, the NASD, the various traders and customer broker associations, and committees representing the exchanges, the industry should organize all its various segments for the purpose of creating good public relations toward the entire industry. Unfortunately, leadership has been lacking almost since the time the securities business became national in scope. It is estimated that around 15 million security owners, outside of the holders of government bonds, today reside in these United States. The lack of understanding, the unfamiliarity with the fundamentals of our economic system, the almost complete ignorance of the vast majority of this group of our citizens of what the investment banking industry does, how it functions, its importance in creating employment opportunities and the contribution it makes to the welfare of the nation as a whole, is a condition which no other industry in the country would tolerate without at least making some attempt to change it for the better.

From a dollars and cents viewpoint no investment of funds by the individual firms who might contribute to the support of such an overall effort could bring better dividends, providing, of course, that the job was properly handled. We are on the threshold of a reopening of the capital markets on a basis which those of us who remember the situation after the last war, may look back upon as something mighty small compared with the opportunity that lies ahead. This opportunity to create a real public participation in the private businesses of this country that will need public financing after the war, has never been fully appreciated by the politicians nor by the leaders of the various associations within the securities business. At least so it appears from the lack of concrete, organizational efforts in preparation for the time when the need for this sort of project will become a reality.

If we are going to clutter up the highways and the byways of this country with another crop of hastily educated stock and bond salesmen who have been recruited by the easy money promises of short sighted investment bankers and securities dealers, the same mistakes of the twenties will once again be repeated. Despite regulations and rules which we have today, if the money becomes courageous which is now lying dormant, if the public becomes "profit conscious," if tips once again take the place of facts and sound investment analysis, there will be trouble ahead. The general public today doesn't know how to invest money in securities or anything else for that matter; only the minority and a small minority at that, have sufficient education in economics and investments and are prepared to handle their funds intelligently. Try as it does, the SEC can't protect the ignorant from their folly nor from the eventual losses to the nation as a whole, which always follows a wild spree of speculation that is based primarily upon emotionalism and greed.

The investment banking and securities business should set up a nationwide campaign of educational enlightenment of what the business has done for the country in the creation of progress and of jobs, in supplying the capital and gathering it together from all parts of the land, how the various securities dealers create markets for thousands of unlisted issues, how all firms that serve the individual investor are striving to assist and help the public to receive proper information and sound investment advice, and subjects along this line which are not only educational but extremely interesting if properly presented.

No other business in the nation needs a good public relations campaign as much as the securities business — no other business is so completely lacking in foresight, cooperation and progressiveness along this line as is the securities business. It seems the only thing that most of us can do is bellyache about a lot of things we don't like, and to be truthful about it, nobody outside of the industry itself seems to give a damn — and can you blame them?

Kahn's Preferred Stock On Market

A banking group headed by Westheimer & Co., Cincinnati, is making a public offering of the unexchanged portion of a new issue of 35,000 shares of 5% cumulative preferred stock, $50 par value, of the E. Kahn's Sons Co. at $50 per share and accrued dividends. The other members of the underwriting group are: W. E. Hutton & Co., W. D. Gradison & Co., Fields, Richards & Co., Chas. A. Hinsch & Co., A. E. Aub & Co., Clair S. Hall & Co., all of Cincinnati; The Ohio Co., Columbus; O. Loewi & Co., Milwaukee, Wis.; Wm. J. Mericka & Co., Inc., Cleveland, Ohio; Farwell, Chapman & Co., Chicago, Ill.; Friedman, Brokaw & Samish, St. Louis, Mo., and Piper, Jaffray & Hopwood, Minneapolis, Minn.

The E. Kahn's Sons Company recently offered to holders of its outstanding 7% preferred stock, $100 par value, the privilege of exchanging stock for the new 5% preferred on a basis of 2⅕ shares of new stock for each share of 7% preferred, with cash adjustment for dividend. The exchange offer expired Aug. 16.

Proceeds from the sale of the unexchanged 5% preferred stock will be used to redeem at $110 per share and accrued dividends all unexchanged shares of the 7% preferred stock. Balance of funds will be added to working capital.

E. Kahn's Sons Co. has been engaged in the meat packing business since 1882. During World War I the company furnished the Government with a half million pounds of meat each month. During the present war, contracts call for more than a million and a half pounds a month; during the first six months of this year, the average amount of meat supplied each month was approximately 3,500,000 pounds.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following changes:

Gerard Hulsebosch retired from partnership in Hawkes & Co. on August 16th.

Interest of the late Leonard A. Cohn in Spencer B. Koch & Co. ceased as of May 31st.

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A. B. Meacham Dead

Funeral services for Alfred B. Meacham, who retired after 36 years of service, from Brown Brothers Harriman & Co., in 1942, were held yesterday. Burial was in family plot at Passumpsic, Vt. Mr. Meacham who died from a heart attack on Monday, was born at North Scituate, Mass., and was graduated from Brown University in 1896. At the time of his death he was a director of the Manhattan Marine & Fire Insurance Co., Patriotic Insurance Co. of America, Sun Indemnity Co., Sun Underwriters Insurance Co. of New York, and a trustee of Brown University. He was a member of the University Club, Brown University Club of New York, Century Associates, Down Town Association, Garden City Golf Club and the Pilgrims. He is survived by a brother, the Rev. C. W. Meacham of St. Petersburg, Fla.

The Full Employment Issue

(Continued from page 773)

titude of the people and of the Government?"

I personally have no doubt that the full employment dogma as presently formulated by its protagonists embodies one of the most serious perils to the democratic processes and to our liberties. There are, however, two ways of bringing about unrest and losing our cherished liberties: One is to elude the problem of unemployment (by the hackneyed slogans of the free enterprise supporters); and the other is to accept the dogma of full employment without providing for safeguards against its dangers. Wisdom should counsel us to face the issue squarely.

Lack of Realism

Lord Woolton's White Paper on employment policy, recently published by the British Government, clearly states:

"The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war."

I am afraid there is in this country an unrealistic approach to this important question. Two attitudes on the part of those defending the private enterprise system are evident with regard to this new full employment dogma: Either a frantic effort is being made to push the manufacturing companies to plan on building factories after the war, prodded by the slogan: "If we do not provide jobs, then the Government will"; or we find a negative attitude from those who purely and simply dismiss the question on the ground that it will lead us to the loss of our liberties. My view is that neither one nor the other attitude is sound or realistic.

Be it said in passing that business men are not in business to provide jobs. Their own job is to make goods or provide services which will appeal to the consumer. It is also the duty of business men to make profits. It is only when a business man makes profits that he is able to provide jobs. The only business man useful to the community in a private enterprise system is the one who makes profits. Only the business man who makes profits can make jobs.

The policy of building new factories advocated by the first group mentioned above is not realistic for the simple reason that in 1940 only about 22% of the working population was employed in the manufacturing industry. It is also unrealistic on another important score: once these factories have been built, we shall have a glut of consumer and semi-durable goods. Shall we then continue to build factories? And where is the money to come from? Furthermore, for the sake of saving the private enterprise system, everyone is urged and prompted to plan this building of factories during the period immediately following the end of the war.

As to the attitude of the second group, it seems to me even more unrealistic and possibly dangerous. I do not profess to know what the future holds in store for us or what the answers are to a great many problems which will confront the world after the war. I have, however, one deep conviction, shared by many others, namely, that widespread unemployment will not be tolerated by the masses. It will be too easy for any demagogue, or for anyone who does not understand the implications of the full employment dogma to shout: "Must we have war to have jobs?" I also entertain the doubt that the masses will have any sympathy for those who advocate sanity in the name of sound fiscal policies. There again, the masses will be inclined to accept the reasoning that if we found money to build tanks, guns and airplanes, we ought to find money to provide post-war jobs.

Unless I am grossly mistaken, the right to work has come to stay among the rights of man, and we must devise ways to make this right compatible with the preservation of the private enterprise system. To accomplish this, I think that both psychological and legislative means will have to be used.

The Necessity of Safeguards

If the Government is to accept new responsibilities (the kind of which the fathers of the present Constitution never dreamed), then we should also provide for whatever safeguards are politically practicable in order to make sure that we do not break beyond repair our private enterprise system, losing at the same time our liberties. It is furthermore obvious to me that whatever safeguards we contrive must be democratic in their essence and understandable to the masses.

The question is whether there are such safeguards which would prove effective. I think that the means to protect the private enterprise system together with our liberties can be imagined. Their effectiveness will depend on our vigilance, exactly as this is the condition for the preservation of those liberties guaranteed by the Bill of Rights.

To provide the proper protection for our private enterprise system and our liberties we must have clearly in mind the nature of the dangers deriving from the assumption by the Government of the new responsibility to bring about conditions favorable to the maintenance of a high level of employment.

The Nature of the Safeguards

Taking into account the means which have been so far proposed for the Government's fulfillment of this new responsibility, I think that the sources of dangers to private enterprise and our liberties can be summarized as follows:

(1) The national debt, or rather the interest on this debt, and therefore the level of taxation, may become unbearable for the functioning of an individual enterprise system.

(2) The adjustments and readjustments of costs to prices (in particular, wages) may become not only inflexible but practically impossible.

(3) As a corollary as it were, of the two previous dangers, the free market may be destroyed. (It seems to me that as long as we manage to keep a free market regulated by prices, we can be reasonably sure that the private enterprise system is functioning.)

With the above considerations in mind, the protection of the private enterprise system and our liberties may, I think, be secured by the following means if the Government is to assume the responsibility of helping to create conditions favorable to a high level of employment:

(a) As often as possible, the Government should, through its most authoritative mouthpiece, the President, assert and reassert that it is its conviction that democracy and liberty are not possible without private enterprise and competition.

(b) The Government must declare that it is its responsibility to watch that the sovereignty of the consumer is at all times secure.

(c) The Government will have to define clearly what is meant by "full employment." It is, of course, essential for the proper functioning of the competitive system that a certain reservoir of manpower be kept available. There must be competition in a private enterprise system, the motivating power of which is profit. There must be competition in labor as well as there is in capital and in the goods produced.

(d) The Government should make it clear that employment depends on profits and risk-taking by individuals and corporations. Profits, in their turn, depend a great deal on wage rates and taxes.

(e) The Government should declare as a fundamental principle of our private enterprise system that the diffusion of well-being and the increase of the standard of living of the country as a whole is conditioned by a trend to lower and lower prices. The constant increment in production, technological progress and the effect of savings concur to bring about lower costs of production. Arbitration in labor disputes regarding wages should therefore be governed by this goal of a lower trend in prices. The matter of agricultural prices may have to receive special consideration and adequate treatment.

(f) The Government should (on the advice of a body of experts) fix the maximum ratio of all taxes (whether Federal, State or municipal) to the national income.

(g) The Government should relinquish its right to impose a control of exchange except in times of national emergency.

The implementation of the safeguards may, of course, require the creation of some new institutions.

It would be ridiculous to pretend that the above suggestions have any other merit than to situate the problem of full employment and indicate that there may be a practical approach to the provision of safeguards to private enterprise and our liberties.

My insistence on psychological as well as legal safeguards may sound unfamiliar, but the problem we are confronted with is a baffling one. Personally, I am inclined to put as much weight on the psychological means as on the legal safeguards.

Take for instance the proposition that the preservation of our liberties is impossible without democracy, and that democracy is impossible without private enterprise and competition. As you well know, many people (paradoxically enough, mainly those who call themselves liberals) deny the proposition. The only authoritative voice I heard in this country asserting with force this credo is Mr. Nicholas Murray Butler.

The President of the United States, in his message to Congress in 1940, I believe, stated that democracy has its roots in religion. This is another way of expressing one's faith in individualism and the dignity of the human person but too philosophical for the masses to grasp the implication.

Take another instance. One of the great problems we shall certainly be confronted with is the rigidity of wages. By what criteria, and who is to decide what the right policy for wages is in our badly functioning industrial society? The assertion of a goal of lower and lower prices may perhaps provide a guiding rule. Certain economists maintain that the private enterprise system requires for its proper functioning a slow, rising trend of prices. Personally (mainly on account of technological progress) I contest this view and I hold that the spreading of well-being in the increase of the standard of living of the whole nation can be brought about only if prices slowly but persistently show a trend to decrease.

If this article has the virtue of arousing interest and stimulates further discussions and ideas, it will have fulfilled its main purpose.

Women In Banking And Finance

Dorcas Campbell Of East River Savings Bank Writes On Their Career Opportunities

In a book just published by E. P. Dutton & Co., Inc., of New York, Dorcas Elizabeth Campbell, an officer of the East River Savings Bank in New York City, analyzes the opportunities for women in the field of Banking and Finance. The author, who migrated into banking from New York publicity and newspaper work, gives an overall survey of the jobs women now hold in banking and finance together with expert opinion and advice for those who contemplate entering this field. She illustrates her work with numerous fascinating personal stories, and discusses the findings of personal clinics in fitting women for banking jobs. Women in banks now occupy positions ranging from page girl to chairman of the board of directors. Although much of this arises from war conditions, there are and will remain many positions and occupations, once thought to be the exclusive property of men, that women will continue to fill.

Dorcas E. Campbell

Among the problems discussed in connection with the employment of women is that relating to retention of married women. It is pointed out, that although many institutions have had a rule that women employees, upon marriage, must quit their jobs, this principle is rapidly being abandoned; and as a result married women are adjusting themselves in their domestic duties so as to carry on their business and professional activities.

In giving advice to women in the banking and financial field, Mrs. Campbell says: "Look to your future and avoid gossip. Women are notorious for their indiscretion in gossip. Men have more insatiable appetite for it, as a psychiatrist told me recently, but in their dignity it isn't called gossip, it's 'discussing the facts.' In a bank gossip is a very unfortunate habit for either sex. Banking is a confidential business. If tonight you are undisciplined about discussing Mary's new fur coat, on seeing a vice-president at lunch with a blonde, who is probably his cousin anyway, you'll be undisciplined tomorrow night and discuss Mr. Rich Citizen's loan from the bank. Rumors about things financial can be ruinous. Better learn to talk about world problems or the influence of the Greek drama on Eugene O'Neill, and let the gossip die unborn."

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Peace And The Longer Term Outlook For The Stock Market

(Continued from first page)

The war's end will, of course, usher in a new set of circumstances. The inflated backlog of unfilled contracts will be replaced by billions of dollars of cancelled contracts. Business expansion will be replaced by serious business contraction. Labor shortages will be replaced by millions of war workers and service men seeking employment. Peace may find the world in political and economic turmoil.

This prospect causes apprehension. It creates emotional fear. Blessed peace, the one cause for which men will work, fight and die, is feared, because of the chain of events expected to follow. These fears have been overhanging the stock market for months. Were it not for them, I am sure that stock prices in general would be higher.

The constructive and profitable approach at this time is to look at the stock market from the other side, in my judgment. What favorable forces support stock prices and might they dominate? Is the market near a level that discounts the difficulties of reconversion? Does the post-reconversion outlook justify expecting higher prices?

Prospects Improving

Since the spring of 1942 time has progressively raised the floor of the canyon of reconversion, made shorter the period of readjustment, made surer, steeper and more prolonged the subsequent phase of recovery and expansion.

Industry must spend large sums of money to retool and reequip its plants for civilian production. During the war there has been a great deal of quantitative construction, which must be supplemented by qualitative construction to make the industrial plant efficient. And, as these potential expenditures increase so does the where-with-all to do it. Never has industry been so strong financially.

To refer to a few examples:

Popular General Motors increased its net working capital from the close of 1938 through 1943 from $387,000,000 to $652,000,000, and the figure is much larger today.

Unpopular Kennecott Copper showed an increase in net working capital during this same five years from $83,000,000 to $175,000,000.

Perplexing U. S. Steel increased its net working capital from $431.000,000 to $650,000,000, including $130,000,000 cash segregated for capital expenditures.

The 30 companies making up the Dow-Jones Industrial Average increased their net working capital during this period from an aggregate of $3,607,000,000 to $5,271,000,000.

The industrial pipes of many civilian goods have been drained and months of maximum production will be required to refill them and establish a normal flow to waiting customers. Restocking the storerooms of manufacturers and wholesalers and the shelves of retailers, together with satisfying minimum civilian demand, will be a big production job for many industries. In the meantime, deferred demands and spendable savings continue to increase. These growing demands are international in scope. Unquestionably, those nations with the capacity to produce more than they need for domestic consumption will be called upon to assist the less fortunate participants in this destructive war. Each time we see pictures of "liberated cities," we see more work that we will have to help do.

Support from Prosperous Farmers

Prior to World War I, a bumper crop would have produced either a business boom or helped greatly in turning the economic cycle from unfavorable business to good business. There was an export demand at satisfactory prices for all that we had available to ship abroad. Therefore, good crops meant a prosperous agriculture. In the late 1920s and 1930s this influence ceased. There was no longer a world market for our surplus agricultural products. Bumper crops forced domestic prices lower, making profitable farming even more difficult. This led to such destructive practices as plowing under part of the crops and slaughtering little pigs. Until the war-torn world has had at least one good crop year there will be large demands for the output of American farms. Weather permitting, we can expect large agricultural production during the first year following the war. Agricultural income should be less than it will be for the current year, but still it should be at a highly prosperous level. This will have a stimulating effect upon our economy. It is impossible to have a general downward readjustment in terms of stock market influences such as in late 1937 and early 1938 that does not result from a concurrently severe contraction in both industry and agriculture.

Demobilization—A Big Immediate Job

When the war ends we will have an immediate and big dollar-consuming job, the task of demobilization. We have prepared for a standard of demobilization never before considered financially possible. The "G. I. Bill of Rights" includes many provisions for assistance to the returning serviceman. There will be the Mustering-Out Pay, ranging, with few exceptions, from $200 to $300 each. This may aggregate over $3,000,000,000. There is provision for unemployment compensation ranging from $20 to $35 per week up to 52 weeks. It is also provided that if self-employed servicemen should earn less than $100 per month, the Government will make up the difference up to 52 weeks. When a veteran qualifies for school or a training course, the Government agrees to pay up to $500 a year to cover tuition, laboratory fees, books, and so forth. The Government will also pay $50 a month living allowance and $25 a month additional if there are dependents. If after one year the veteran qualifies for further education, he can remain for the length of time, up to four years, that he served between Sept. 15, 1940 and the end of the war. Then there is the arrangement to provide loans. Veterans may borrow to buy a farm, start a business, buy an old home, build a new home, or make any repairs and improvements up to a total of $4,000 with 50% of the loan guaranteed by the Government. In case a down payment is necessary, a secondary loan up to 20% of the cost of the property can be obtained fully guaranteed by the Government. (The Government guaranteed portion must not exceed $2,000 per veteran.) The Government will pay the interest due the first year on the part of the loan which it guarantees. There is no way of estimating the amount of loans that might be made but they could exceed $5,000,000,000.

From most standards of comparison, our servicemen are highly paid and most of them are accumulating savings. "Probably never before in history has a grubstake been offered to so many individuals in so short a time and on such generous terms as the stake now offered by the Government to returning servicemen. . . ." To keep perspective, it may not hurt to remember that after World War I discharged servicemen received an extra $60, a total near $250,000,000 and best wishes. It is a tremendous and expensive task to bring home the millions of servicemen and transport them to their respective places. Surely Broadway will be booming for months after the war ends!

There is also the old and desirable American tradition that needs to be allowed for. There is almost always a preparation for home coming. Mothers, wives and sisters generally insist upon beautifying the home and buying a few new things to make more pleasant and happy the return. This itself will be a big effort in view of the size of the returning Armed Forces. It is desirable that we do not underrate the stimulating effect of this big program of demobilization. This is another important buffer against a contraction in industry.

Planners and Plans

An important reason for the initial observation that "time has progressively raised the floor of the canyon of reconversion, made shorter the period of readjustment, made surer, steeper and more prolonged the subsequent phase of recovery and expansion," is the planners and the plans being made for the period following the war. The Baruch-Hancock Report, released February, 1944, set the pace for constructive preparation for the post-war period. Up to that time most plans were conceived with a defeatist background. To quote from their report:

> "There has been too much loose parroting of the slogan, that if individual enterprise fails to provide jobs for everyone, it must be replaced by some one of the other systems that are around. The war has been a crucible for all of the economic systems of the world, for our own, for Communism, Fascism, Nazi-ism — all the others. And the American system has out-produced the world."

This report made many practical suggestions for "getting us all back to work in peacetime enterprises." This same constructive spirit has been radiated by the post-war planning of the Senate Committee headed by Senator George.

During recent months many definite steps have been made to facilitate the readjustment and current victories on the battlefields are acting as a powerful post-war planning tonic. Immediately following the publication of the Baruch-Hancock Report the Government set up machinery to carry out some of the suggestions. In the closing part of 1943, the working out of a proper procedure for handling contract settlements was among our number one problems. Since then Congress has passed and made effective a contract-termination law which largely met the suggestions of business leaders. The administration of any legislation is almost as important as the act, and it was constructive when Mr. Robert H. Hinckley, Vice-President of Sperry Corporation, was appointed to fill this position. The disposal of surplus commodities has been among the most important problems that needed to be handled properly if we were to smooth the readjustment. Congress has been slow in passing desirable legislation, although capable William L. Clayton, appointed early last March as Surplus War Property Administrator, has established an agency and made real progress in meeting this problem. When Congress eventually passes an act giving this division a legislative character, the work will be well on its way rather than just beginning.

The War Production Board has been active and constructive in helping to prepare for the readjustment. The program for preparing for reconversion announced July 11th represents real progress. It was announced at that time that an order would be issued the last week in July permitting manufacturers to order machine tools for production of civilian goods. It was also provided that an order would be issued the last week of July permitting manufacturers to make working models of civilian products designed for post-war production. These two orders alone can reduce by months the gap between war production and peacetime civilian production. It takes time to develop models for production and to prepare designs for necessary machine tools and dies. Work is now being done that must precede peacetime production, that otherwise could not be started. In addition to shortening the period of time required for reconversion, these orders will have another important effect.

We have been told from time to time that the first automobiles (and radios, refrigerators, stoves, etc.) produced after the war would be pre-war models. Within two days after the announcement that industry would be permitted to prepare models and order tools, reports came out of Detroit that the first post-war automobiles to come off the industries' production lines will include some brand new cars, including improvements which it was thought only recently would be deferred until after the first year's production.

Many formerly weak companies have become financially strong during the war. Many companies have acquired experiences in production in other fields and will want to broaden their activities. On the other hand, companies will want to fully maintain their post-war competitive position in their regular lines. The way for companies to break into new fields, and for companies to maintain their regular markets are the same—offer the consuming public the most attractive merchandise at reasonable prices. Subject to the limitations of time and manpower, it is almost certain that industry in general will go to work developing post-war models with the hope of producing them as soon as possible. Competition will force this action. This will not only stimulate production and shorten the period of time to get into civilian production, but will have an effect upon demand that we would do well to visualize at this time.

Had industry brought out the pre-war models and people in general knew that within a year or so the improved post-war models would be available, many who were not in dire need of the new merchandise would have deferred their purchase. Now, if the first models offered are attractive, modern and incorporate many of the improvements in technique that have resulted from the war research activities, initial demand will be greatly increased. More people will want the new models. The result will probably be an exaggeration of the waiting demand. In reality (and for illustration), if there are only three cars available for sale and five people wishing to buy a new car, it will appear that there is a demand for close to 15 cars. Each individual may place an order with each of the three sellers in the hope that he will get delivery from one of them. For a period of time after the war there will be a definite shortage of many things desired by the consumers, especially with attractive new models. Nothing makes so strong the desire to have something as to hold the money, fear that prices may rise, and know that there is not enough merchandise to go around. The clamor for the new products will play an important part in stimulating increased output.

The most important planners are our business leaders. Their more constructive attitude toward the future is an encouraging sign for expecting a better-than-feared working out of the post-war problems. It is easy to underrate the importance of proper attitude. In March, 1943 the British Ministry of Information published a book, "The Eighth Army," giving the official story of the almost shattering defeat in Africa, which was reversed into an overwhelming victory. Speaking of General Cunningham, who was removed from command, it said, "He had now reached the conclusion that it could not be done, that the operation should be abandoned. . . ." "Nothing is more fatal than to intrust the conduct of a battle to a Commander who does not think he can win it." Finally General Montgomery and General Alexander, men with skill and faith in the ability to win, took over and won. This is a fundamental observation, equally applicable to political and business leaders.

Industry has the skill — skill comparable to that displayed by the British when they reversed defeat into victory. All doubts about this must be eliminated by the war performance. Evidences are growing that the leaders of industry are reacquiring the necessary faith. Plans are being made that would originate only in the minds of men with faith in the future.

Better Political Background

The disaster of Pearl Harbor set off a decline in stock prices that carried them below the Dunkerque prices. Nevertheless, the extreme market lows of 1942 were in no small part precipitated by political influences. The Treasury Department had proposed maximum excess profits tax predicated solely upon invested capital. While such a tax would have produced large revenues under war conditions, there was no question but that it was a reform measure that would have been destructive. It was a reform sister to the $25,000 salary limitation. At that time, when our Armed Forces were largely "on order," there was common debate as to whether many in important positions of leadership were not more interested in completing reform than winning the war.

The political background has improved considerably since then. It appears that the radicals and the intellectuals have had their field day, at least for a while. Time itself helps to bring about a more stable condition to which industry can adjust. Many changes originally feared and strongly, and sometimes unwisely, opposed later have been accepted and recognized as good. In order to obtain the leadership in Washington that could accomplish the task, practical, capable business men have been given key positions. Congress has become more conservative and constructive.

We are approaching an important election which may be a victory for those who desire to make our free enterprise system work best, regardless of which party wins. The controlling interests in the Democratic Party will probably be more dedicated to winning the peace and recovery than reform. The conservative Democrats and Republicans should gain a larger representation in Congress. Moreover, the Republican Party appears to have a fighting chance to win. The Republican Party has grown in strength during recent years while the New Deal influences have waned. Republican Governors preside over States having almost two-thirds of the electoral votes. Necessary war controls affecting industry and consumers have irritated many people to the detriment of the political party in power. This trend in political propects is important. Even if the Republican Party fails to elect its candidate for President, the more this trend continues and the nearer a Republican victory, the more it will force the elected party to move in the same direction. Notwithstanding the many domestic problems, we are likely to have in America, after this war, the best political background of any place in the world for the operation of our type of free enterprise economy.

New Frontiers

Pan American World Airways recently announced a plan for providing luxurious air travel from New York to Rio de Janeiro, for instance, that would cut the present time from 66 hours to less than 20 hours and reduce the fare from $491 to $175. This would open up a new economic frontier. This is only an example of what lies ahead. Plastics, light metals, electronics and many less spectacular but important developments of recent years, will open up new economic frontiers. They can have an influence not uncomparable to the Louisiana Purchase; the Annexation of Texas; the invention of the Colt revolver, the windmill and the barbed wire fence that made it possible to occupy and develop the Great Plains, and other frontier expanding highlights of the long ago. When the dynamic forces of peace industry are turned loose to make the most of these opportunities, the economy is bound to be stimulated and the standard of living increased.

Labor's Dominant Role

Labor policies have played a dominant role in domestic affairs during the war period and are almost certain to continue to do so during the reconversion and for some time beyond. It is easy to visualize a sharp decline in production and a recurrence of serious and prolonged unemployment. The experiences of the 1930's make this appear the natural prospect. In my judgment this is taking too passive an attitude toward labor and underrates the positive effects of possible labor policies. Labor has become strongly organized, and organized labor is not going to give up any of its wartime gains willingly. On the contrary, it can be expected that labor leaders will exercise their powers and try even harder to gain their objectives. They will reason that the first cause of unemployment is too little demand for goods resulting from insufficient consumer income. Second, forces causing unemployment would be mitigated by reducing the hours worked per week. They will conclude that both of these causes of unemployment could be reduced or eliminated by maintaining weekly pay at high levels and at the same time reducing weekly hours of work. Therefore, we should expect to see a concentrated drive for an increase in basic rates of pay and shorter standard working hours. Strikes for these objectives, even in the midst of serious unemployment would not be surprising, considered against the economic outlook. Reference to labor actions following World War I helps us to appreciate how consequential this could become.

January, 1919, found the cotton textile industry in a chaotic condition with cancelled orders, low production and sharply reduced prices. There was serious unemployment in the New England textile communities. Against this background, labor went on strike for higher wages with shorter hours of work. They asked for a 48-hour week with the pay previously paid for 54 hours, and they won. When it was seen that lower prices for textiles were not to be available but rather prices increased because of higher wages, orders began to be placed in excess of capacity. By May activity in the mills expanded to a point where a voluntary wage increase was granted to most of the workers. This added to the prospect for further increase in prices and demand became so acute, owing to inability of mills to provide supplies for immediate delivery and the placing of large orders for future deliveries, that buyers practically disregarded prices. This same story was repeated in most other industries. Instead of expected deflation there actually continued to be inflation.

The important discernible differences between now and 1919 are that labor is much more completely organized, the unions are stronger financially and the threat of unemployment is greater. Each of these factors only increases the probability that labor policies will again have a dominant effect on post-war conditions.

Monetary Influences

A general discussion of the post-war outlook for commodity prices is not very productive. For a period of time, at least, some materials will be abandoned or in oversupply while others will be scarce. To talk about inflation as such generally gets one nowhere. However, there are a few basic observations that can be made suggesting trends that will gradually affect the economy.

Labor costs account for almost three-quarters of the costs of manufactured goods. If, in the reconversion period, labor demands higher basic wages, it will probably be reflected by higher prices. Labor leaders probably have the power to produce conditions after the war ends that will mean further general price inflation rather than price deflation. This could have a decided effect upon production and influence upward stock prices.

It is possible to set up a balance sheet for the Nation quite similar to that published periodically by corporations. On the asset side of this balance sheet would be listed all of our tangible resources such as land, factories, machinery, and homes, expressed in dollars. On the other hand would be a list of claims and evidences of ownership of these assets, such as mortgages, bonds, bank deposits and equities. If such a national balance sheet were prepared as of Sept. 1, 1939, it would show the situation as it existed when the war in Europe began. Since that time and through the ending of the war, claims and evidences of ownership on the national balance sheet will have been increased in an amount approaching $200,000,000,000 or more. But the assets economically valuable will not have increased more than moderately since these funds were spent for prosecution of the war. A situation like this is illustrated in economic textbooks by comparing apples and nickels. If it is assumed that assets consist of one apple and money of a five cent piece, the apple is worth five cents. If the assets continue to be but one apple and money increases to ten cents, then each apple acquires a money value of ten cents. If we brush away the financial smoke-screen and look at reality, we find that at the close of the war each dollar of claims and ownership will have behind it less than one dollar of assets based upon 1939 prices. Since there is unlikely to be any wholesale cancellation of claims, the national balance sheet would be brought into balance by an ultimate rise in the dollar value of the assets. The resulting tendency would be for the dollar value of business assets to rise and for the dollar value of assets behind each share of stock to become greater.

Interest rates are considered in this discussion only from the point of view of security prices. During 1938 the average yield on long-term corporate bonds, as measured by Moody Indexes, was 3.5%. Today the comparable yield is 2.8%. Translating this into terms of a 3.5% bond with a 50-year maturity would mean that a price of 100 in 1938 would have advanced to approximately 120. This same influence works on stock values. Other things being equal, one dollar of earnings or dividends is worth more today with lower interest rates than it was in 1938 when interest rates were higher. During recent years common stock prices had been so strongly influenced by other forces that the effect of lower rates of return have not been reflected, but this is an upside influence that will be fully expressed in common stock prices over a period of time.

Long-Term Trend of Common Stock Values Is Upward

It is practically a forgotten truism that the long-term trend of common stock values will be upward so long as we have a thriving capitalistic economy. Generally, leading corporations pay out approximately two-thirds of their earnings and keep one-third in the business. These funds are retained to finance growth, such as, building new plants and opening new retail outlets. Earnings paid out as dividends have real value and if earnings retained in the business did not increase the value of the equity, they would have no value, and no wise businessman would retain them. In early 1940 Montgomery Ward proposed the sale of additional common stock to raise about $31,000,000 for financing the expansion of their business. The stock was then selling between 50 and 55. War developments precipitated a decline in market price and the offering did not materialize. However, the funds then needed have been more than raised through retaining undistributed earnings. As of Jan. 31, 1940 net working capital amounted to $149,000,000. This increased as of Jan. 31, 1944 to $212,000,000, a gain of more than $60,000,000. In terms of the common stock outstanding the net current assets increased from $28.50 per share to $40.50 per share. The stock is now selling at 47. This is a substantial increase in asset value. The shares are worth more as a result of these accumulated earnings. If the company had to sell enough additional stock to raise $60,000,000, the current value of each outstanding share would be less than it is today. From the close of 1938 through 1943 the Dow-Jones Industrial Average (with the figures computed in the same way that the price index is computed in order that they will be comparable) had an increase in net working capital per share from $42.25 to $62.75. Prices today for the Index are moderately lower than they were at the close of 1938. The failure of the market to reflect the long-term influences of retained earnings does not throw a doubt upon the truism but rather leads to another observation which has strong upside price indications. For periods of time, and sometimes disturbingly long periods, this fundamental uptrend can be offset by deflationary factors but ultimately the deflationary factors will run their course and the fundamental uptrend will again assert itself on market prices.

The spring of 1942 appears to have been such a turning point. From the early 1930s there were three strongly deflationary forces affecting stock prices. One was taxes. For the years 1932 to 1935, inclusive, corporations were subject to a normal tax of 13¾%. Taxes were progressively increased until they have reached the maximum of 40% normal and surtax and 95% excess profits tax. In connection with the discussion of full wartime taxes during late 1941 and early 1942, the maximum possible taxes were seriously considered and discounted by stock prices. Clearly we have now come to the point from which the only possible change in corporate taxes is a lowering of the rates. Looking ahead from the vantage point of the early 1930s a future rate of 40%, or 35%, would look deflationary. However, with current rates in effect a possible reduction to a straight 40% normal tax, or less, is a favorable influence.

A second strongly deflationary influence upon stock prices was the fear of war until the fall of 1939, and then into the spring of 1942 the fear of United Nations losing the war. Dramatic periods, such as were associated with Munich in 1938, the German invasion of Czechoslovakia and the Italian invasion of Albania in the spring of 1939, and again the few weeks preceding the outbreak of

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By BRUCE WILLIAMS

The dream of visionaries and explorers in past centuries, "The North West Passage," is now an established fact. A chain of airfields running northwestward from Edmonton to Alaska, known as the North West Air Staging Route, is now a practical short-cut route connecting this continent with Russia and Asia, thus supplementing the land link already established in the shape of the Alaskan Highway. After the war, this world communication link will be further improved by the installation of adequate railroads.

Already Mr. John Hart, Premier of British Columbia, has made budgetary provision with the object of extending existing railroads northwards to link up with the Alaskan Highway and, thereby, open up the fertile Peace River Block with its rich coal deposits and high promise of important oil discoveries.

There is little doubt also that in the post-war period steps will be taken to connect Edmonton by rail with the mineral rich North West Territories. The Yellowknife gold area has already reached the stage where such development would be justified. Although phenomenal diamond-drilling results on the Giant Yellowknife property have unfortunately led to a wild speculative boom in the Toronto Stock Exchange, which has been followed by an inevitable slump, nevertheless it is now evident that this area will provide Canada after the war with another major goldfield.

Due to wartime exigencies, gold mining in Canada has necessarily declined, but at the close of hostilities, if not before, government assistance will undoubtedly be given to this industry in the shape of tax concessions. It seems very clear that whatever may be the market vagaries of other commodities, the value of gold is assured at least at its present level. Therefore, in the difficult transitional period after the war it is logical that the Dominion Government will do everything in its power to stimulate production of the yellow metal, and even if the building of a northern railroad were undertaken in the nature of a public works project, in line with the Dominions full employment policy, it would undoubtedly eventually be justified on an economic basis.

With regard to current developments, the recently issued summary of the Manitoba financial results for the past fiscal year again makes excellent reading. In addition to a record surplus of $2,697,155.42, the province set aside a further payment into a Reserve for War and Post-War Emergencies of $1,500,000. During the year the gross provincial debt was reduced by $4,098,891.54. In the four-year period from May 1, 1940, to April 30, 1944, the gross debt figure has been reduced from $130,171,362.16 to $119,001,208.76.

As frequently mentioned in this column, the Province of Manitoba has a record unsurpassed in the Dominion for its capable management of its finances and economy. But the market value of its obligations has suffered in the past because the province has been loosely classified as just another prairie province. However, the financial community is now beginning to make a closer appraisal of this situation and consequently in the recent market decline the Manitoba issues not only held firm but improved slightly in some cases.

During the past week the market continued firm with an excellent undertone due to the removal of many of the political

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CANADIAN SECURITIES

Government · Provincial · Municipal · Corporate

Peace And The Longer Term Outlook For The Stock Market

(Continued from page 793)

war on Sept. 1, 1939, bring to our minds how disturbing were those fears. Now, not only is victory assured but victory over Germany appears assured within a relatively short time, and the "Rising Sun" is setting. While there will be many problems of peace, the destruction of the armed might of the enemies eliminates a bad influence.

The third deflationary factor was the political background. Right or wrong, and probably a lot of both, investors have been apprehensive about many of the policies pursued by the New Deal. As discussed in connection with the political outlook, this cycle has definitely turned and is now a favorable influence.

There is one common characteristic of all three of these factors: Up to about the spring of 1942 they were strongly deflationary in their effect upon stock prices. Subsequently they have become upside influences. Three deflationary forces which for a period of years offset the long-term growth factor, are now pulling toward it.

Some Important Cushions

Up until now I have discussed positive factors that assert upside influences upon stock prices as we progress into peace. We should also consider some important cushions, as it were, that will soften the impact of business contraction and earnings decline.

(1) If adequate plant, labor and materials were available, industry would be operating at a substantially higher rate than has prevailed during the war boom. This enforced restriction of output which will be released as production for war declines, will naturally offset, in part, the downward trend. This will cushion the impact. It will lessen the decline in production.

(2) Production and employment generally expand quite closely together. Beginning in 1942 this became impossible. Most of the available people were at work and the labor supply could be increased very little with the constant withdrawal of people into the services. Many people are now employed that would not be working under normal conditions. Notwithstanding this there could be employed at current business levels performing functions now eliminated millions of additional people if they were available. This is an employment vacuum that will mitigate the decline in employment when war production is curtailed.

(3) Glancing at the relationship between payrolls and employment shows another area that will soften the impact. Employment and payrolls generally move quite closely together. However, during this war dollars have been much more plentiful than man hours. Payrolls have increased on an annual basis probably more than $25,000,000,000 in excess of what they would normally be in relationship to the volume of employment. These extra payrolls can be eliminated with little deflationary effect upon the civilian economy as a whole. The surplus income becomes principally abnormal savings and increased idle bank deposits.

(4) Consumer incomes and consumer expenditures generally move closely together. During the years 1936 and 1937 consumers saved an average of about $8,000,000,000 a year. Savings are now running at an annual rate of more than $25,000,000,000 in excess of the pre-war yearly average. This suggests that consumer incomes can decline by this extra amount with consumers still spending approximately as much as they are now. This is substantial, almost one-third over the 1936 to 1937 peak. Normally a reduction in savings can absorb very little of the impact of a decline in income payments. In the extreme period from 1929 to 1933 income payments declined approximately $36,000,000,000 and reduction in savings absorbed a little over $6,000,000,000. Under present circumstances a reduction in savings could absorb more than two-thirds of a dollar decline in consumer incomes equal to that experienced from boom 1929 to depressed 1932-33.

(5) Referring again for convenience and to be specific to the Dow-Jones Industrial Average, earnings before taxes are running in the neighborhood of $35 and after taxes at about $9.50. Dividends are currently being paid at approximately the $6.30 rate of 1943. If pre-tax earnings decline one-half with the ending of the war and present war-time tax rates remain in effect, earnings may approximate $7.50 to $8.00. With this decline in earnings there would be only a very few dividend cuts with the average probably remaining near $6, a decline from the current rate of about 5%. If with the end of the war excess profit taxes are eliminated, a decline in pre-tax earnings of one-half from the current rate would leave net after taxes at approximately the $9.50 estimated for 1944. With this level of earnings the average dividend would likely continue at the current rate. There would be some increases offsetting the few declines. A study of each of the individual companies making up the Dow-Jones Industrial Average leads to the conclusion that $5.50 would be the minimum annual dividends under any reasonable assumption of probable earnings during the readjustment period. The impact of a decline in business upon the stock market is bound to be greatly lessened by the smaller effect upon earnings in view of present and possible taxes, and the unchanged to small decline in dividends.

(6) The last of the cushions against the impact of reconversion to be considered is the level of stock prices. At the current price of 145, the Dow-Jones Industrial Average would yield approximately 4% on a dividend of $6. If dividends were reduced to the probable minimum of $5.50, a price for the Industrial Average of approximately 135 would afford a yield of 4%. A yield of 4% would be approximately 1½ times bond yields. This is a conservative and defensive ratio under peacetime conditions. It is a ratio exceeded for more than a decade prior to the war only for short periods during the extreme phase of market declines in 1931-32 and again in 1937-38.

For a long period prior to the war the Dow-Jones Industrial Average never sold below approximately 14 times earnings at its yearly low except in the abnormal case of 1937, and the average low times earnings ratio was near 15 to 16. At the level of 145 the average is selling at 15 times current earnings. Approximately 135 for the average would be 14 times earnings. The stock market as a whole is clearly conservatively priced against current earnings.

Probably a more reliable approach for determining a sound value for the market than determining absolute valuations, is a comparison of the relative level and background influence upon stock prices now with periods in the past. In the spring of 1939 the Dow-Jones Industrial Average declined to a practical buying range of 125-30. At that time business was considerably below the lowest level expected during the reconversion; earnings and dividends were running below the rates contemplated during the reconversion and substantially less than expected for the subsequent recovery; interest rates were higher than they are today and are expected to be during the reconversion; asset values of the stocks were lower than they are now: threatening acts of war contrast with the approaching peace; political background has become much more constructive; and prospects for a sustained period of good business and satisfactory earnings, following the reconversion, are at least as good, and prabably much better today, than they were at that time. In retrospect, the spring of 1939 prices looked like sound values. In the light of this comparison, it would appear that the stock market is a sound value at a higher level today than it was five years ago. A comparable range would be at least 130-35 and probably more accurately 135-45.

November, 1943, saw the stock market complete a decline caused by the first real "peace scare." We were then completely unprepared for the ending of the war. The reconversion would have been much more difficult and prolonged than will be true when the war end comes. The upside economic forces have become stronger. In view of the improved circumstances the probabilities are that the market can reflect all of the war end problems at a higher level than last winter.

Conclusion

This reviews the broad background against which I would judge the outlook for securities. These are my conclusions:

(1) Peace will usher in a new set of circumstances. Their magnitude should cause one to be cautious in his investment approach, particularly in respect to individual securities. One's over-all investment position should reflect this attitude of caution, because it is in such periods that the unexpected shocks generally occur and must be allowed for by the successful investor.

As a matter of investment horsesense it is unwise to rely exclusively upon one's judgment at a time when, if events prove you wrong, your position would appear stupid.

(2) The more serious aspects of the deflationary forces of the reconversion period are likely to prove transitory.

(3) Since the spring of 1942 time has progressively raised the floor of the canyon of reconversion, made shorter the period of readjustment, made surer, steeper and more prolonged the subsequent phase of recovery and expansion.

(4) From now into the reconversion difficulties the stock market is unlikely to decline seriously from recent reactionary levels.

(5) Longer term appreciation prospects for common stocks are substantial. There are a combination of upside influences that could create higher stock prices than we had at the last bull market top of 1937. The Dow-Jones Industrial Average then reached approximately 200.

"Going Concern Value" In Bank Examination

(Continued from first page)

The absurdities involved in appraising operating banks on the basis of market values led to a series of extended conferences between State and Federal supervisory authorities in the spring and summer of 1938. The so-called "Uniform Agreement" by which commercial banks are still examined, grew out of these conferences.[1] As so often happens in such cases, a considerable amount of compromise was involved in the final conclusions, and a part but not all of the effects of market changes was eliminated. Under the terms of this agreement, Group 1 bonds (those judged to be satisfactory bank investments) are appraised at cost less premium amortization; Group 2 bonds, that is, bonds not in default but judged to be unsatisfactory bank investments at a convention value[2]; and defaulted bonds and stocks, at market. Although not covered in the Agreement, examiners typically allow the "sound value of other real estate" in computing capital, but the Federal Deposit Insurance Corporation and several State banking departments are encouraging a program of elimination of substandard assets out of earnings at a minimum rate of 10 a year.

Elimination of Substandard Assets

The program of writing off substandard assets at a minimum rate of 10% a year grew out of the perplexing dilemma presented to the supervisory authorities by the large amount of "Other Real Estate"[3] held by some banks. Since the real estate market is uncertain at best, and there is a tendency for banks to acquire real estate in areas where the values are declining, the supervisory authorities are quite properly skeptical of the capital figures of a bank as long as any considerable dollar volume of "Other Real Estate" is included in the assets. To force a bank to sell its "Other Real Estate" immediately might result in unwise sales, and to force an immediate charge-off of the entire amount may result in showing a bank as insolvent, which even on a liquidating basis might work out. Another reason for not forcing immediate sales is that the timing of the disposition of unsatisfactory assets is a managerial function which bank supervisors should not assume. A program of writing off unsatisfactory bank assets during a reasonable period of time has the advantage of not concentrating all of the losses in the year in which they may be estimated and at the same time requires an allocation from profits currently which will deter the tendency to pay excessive dividends and, in general, force a policy of conservatism. One danger in such a program is that the 10% minimum elimination will tend to become the maximum. Ten years is a liberal period in which to write off substandard assets, and a bank has much to gain by accelerating the program in periods of high earnings.

In a number of States programs of periodic elimination of certain types of substandard assets have been in operation for some time, and the results are reassuring. With the passage of time and the accumulation of reserves, bankers are tending to become more realistic and entertain offers for their "Other Real Estate" which they formerly did not care to consider. Perhaps most important of all, this program eliminates the constant haggling between the examiner and the banker over the appraisals of individual parcels and thus eliminates one source of friction.

"Going Concern Value" Defined

The term "going concern value" covers a theory of valuation whereby assets are appraised according to their contribution to the business enterprise rather than upon their resale value, and whereby both the cost of depreciating assets and business losses is systematically charged to expense. The illustration most likely to come to mind in connection with depreciation is that of highly specialized machines which could be sold for only a fraction of their cost. The almost universally accepted practice in industry is to carry such machines at cost less accrued depreciation, as it is manifestly incorrect to charge the greater part of their cost to the period in which they were installed. Thus at any given time the depreciated book value shown on the balance sheet has no direct relationship to market price, but this is regarded as sound accounting as long as the depreciation policy is adequate. It is obvious, of course, that if an ultimate capital charge is to be avoided the entire cost must be absorbed into profit and loss during the useful life of the machines. Consequently, one of the most important functions of the auditor is to ascertain that the depreciation policy will result in a write-off of the entire capitalized cost of the various assets during their useful life.

A corollary of the theory of "going concern value," which there is a tendency to overlook, is that market appreciation should not be reflected in book value. To be sure, a company which acquires an asset on a favorable basis will have lower depreciation charges than would otherwise be necessary, and profits will thus be increased, but this fact is only reflected on the books when the profits are actually realized. This is particularly important in times such as the present, when the shortages caused by the war have forced the resale prices of much equipment beyond their depreciated book values. To write up such assets will increase profits now, but will increase the necessary charges for depreciation later. A liberal dividend policy based upon profits resulting from write-ups is an invitation to failure.

Reserves for Losses

The systematic provision for bad debt losses is an integral part of the theory of "going concern value." Even in good years, when very few losses are being realized, latent losses are accruing, an accumulation of which can be expected to become evident in later periods of poor business. If the profits of the prosperous years have been disbursed in the form of taxes and dividends (or high salaries), the existence of the enterprise will be placed in jeopardy. Even though an acceptable plan for absorbing losses must, of course, be adjusted to meet the needs of the industry and the particular firm, a few broad generalizations can be made here:

1. It is much easier (and the chances of success greater) if the plan is started in a period of prosperity so that an adequate reserve is available to charge off losses as they become evident. In fact, a plan started in a period of poor business is foredoomed to failure if a liberal capital charge is not provided at the outset to cover accumulated losses.

2. The plan should be simple

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[1] For a detailed account, see the Annual Report of the Federal Deposit Insurance Corporation for the year ending Dec. 31, 1938, p. 61-78.

[2] Each issue of Group 2 securities is appraised at its average market value during the 18 months preceding the examination. These average prices are shown in the handbooks of the leading rating services and consist of the midpoint between the highest quotation and the lowest quotation available—with a one-month lag. On unlisted securities the same time period is covered, but end-of-month quotations only are taken as a base for determining highest and lowest prices from which the mid-point is figured. When no actual sales have taken place, the bid price is used.

[3] "Other Real Estate" is real estate other than that used in the conduct of the banking business, in almost all cases received by the bank in settlement of debts previously contracted. "Other Real Estate" is referred to by examiners as O. R. E.

and flexible. The more straightforward the plan, the greater is the chance of its being comprehended by the entire organization, and the better the chance for intelligent managerial decisions. Complicated and rigid accounting procedures, in particular, may result in confusing important issues. Since the purpose of the reserve is to provide for losses not yet determined, the more flexible the accounting procedure, the more likely the plan is to function smoothly during troubled periods.

3. Most important of all, the rate must be high enough to build up a reserve adequate to cover all but catastrophic losses. It is obvious that the lower the capital ratio, the more conservative should be the dividend policy, and the greater the need for adequate reserves. Real courage as well as unusual foresight are required during prosperous years, when experience over the short run is favorable, to provide reserves adequate to carry the enterprise through a major depression.

Special Problems of Banks

In most businesses the policy in regard to depreciation, including the valuation of inventory, is a major question and the handling of bad debts a more or less important side issue; while with banks the depreciation on the bank building is a relatively minor item, the solvency of the bank depending upon the policy in providing for losses. This problem is accentuated by the low and declining capital ratios of banks. In many banks the equity capital is spread so thin that there is very little margin to absorb an accumulation of losses. Thus banks, more than most businesses, need to be conservative, which as a practical proposition consists of the elimination of substandard assets (either by collection, sale, charge-off, or adequate reserves) in prosperous years, as well as the creation of reserves for accruing losses. The Bureau of Internal Revenue has recognized this in the current practice which allows banks to deduct for income tax purposes periodic accruals to a reserve for losses.

Whenever possible, the same general theory as that followed in the report of examination should be followed in the bank accounting. The theory of "going concern value," as applied in bank examination, will work more satisfactorily if the banks understand the system and make the adjustments on their books called for by the program. In the practical inauguration and operation of a program of reserves, two types of problems are encountered: those centered around accounting and record keeping, and those centered around the computation of the reserve.

Accounting for Reserves

A large valuation allowance (or unallocated charge-off) has certain definite advantages over either specific reserves or write-downs in handling unestablished losses. A valuation allowance is the only satisfactory method of providing for losses in loans which, as yet, have shown no signs of weakness. Even though it seems evident from past experience that some of these loans will ultimately go bad, there is no basis for singling out specific ones to write down. Even when loans begin to show signs of weakness, it is impossible to estimate the exact amount of the loss, and when it is definitely established the reserve or write-down is apt to prove to have been either too large or too small. Thus, a later adjustment is almost always required. While such adjustments are not serious, they clutter up the books and make a clear-cut analysis more difficult than if the simpler method of carrying all such transactions through one valuation allowance is followed. A better case can be made for writing off "Other Real Estate," at least, to appraised values, but even here one valuation allowance is more simple and flexible. Individual parcels of real estate are subject to so many accidental developments that the margin of error in appraising any one piece of property is large, even though the appraisal of the group as a whole may be rather accurate.

One objection to the use of a large valuation account or unallocated charge-off is that this method, if not properly safeguarded, lends itself to manipulation. In the past there has been a tendency on the part of certain sharp operators to juggle valuation allowances to their own advantage. This abuse, however, can be eliminated rather easily by strict regulations which forbid the transfer, even if indirect (except when a predetermined ceiling has been reached) of valuation reserves to any capital account which would make possible the payment of dividends—if indeed the heavy tax penalty involved in current income tax regulations is not sufficient to prevent this.

Basis of Computation of Reserves

There are, of course, numerous combinations of rates and bases which could be used in computing the periodic accruals to a reserve for losses. These different methods fall into three main groups: (1) a relatively high rate could be applied against assets judged to be unsatisfactory for banks; (2) a relatively low rate could be applied against all assets judged to contain any risk; and (3) a classified system of rates could be used, that is, a very low rate could be applied to prime assets, and progressively higher rates applied on the groups which contain greater risk. Although the same total contribution to reserves could be obtained over a long period by the proper adjustments of any one of the three alternatives, the charges against earnings in any one year would vary greatly.

The first alternative of using only assets criticized by the examiner as a base would have the practical advantage, for a new system, of being easy to justify, as the relatively high rate would be applied to assets which are not suitable for banks. This method would have a further advantage in that banks with a large percentage of questionable assets would be required to set aside relatively large reserves, and as the assets deteriorated, the charge against earnings would be automatically increased. However, there are certain serious objections to using only criticized assets as the base. The use of "Other Real Estate" and "Potential Other Real Estate,"[4] for example, instead of all mortgage and real estate accounts, as the basis for figuring the reserve, would not only result in greater fluctuations, but the charges would be particularly heavy in the years of poor business, when the bank is least able to absorb them. In many banks there are no criticized assets in good years, and consequently there would be no charges against earnings, even though experience indicates that some of the loans acquired in such periods will later develop into losses.

The use of a relatively low rate applied to all assets containing any risk is better than using only the lower classifications as provision would be made in good years for losses which become evident in poor years, but this method would have the disadvantage of not providing automatically for higher charges against earnings in the weak banks, nor would it provide for increasing the charge in any given bank as the assets deteriorated. (Even a bank which has accumulated reserves which formerly seemed adequate should adopt a conservative policy if the losses prove to be greater than were anticipated.)

The third alternative of applying low rates against assets in the most desirable groups and progressively higher rates on the lower grade assets seems to be a fortunate compromise which saves most of the advantages of the first two plans, while minimizing their disadvantages. The application of a low rate to assets classified in the better grades would result in an accumulation of reserves during good years, while the higher rates on assets classified in the lower groups would yield heavier charges for banks which have assets of lower quality and would automatically result in higher charges for an individual bank in case its assets deteriorated. These higher charges would not only build up the reserve, but would also direct the attention of management to the need for a constructive program to improve the quality of the assets.

Rate

The first question which arises in establishing a rate is exactly what losses are to be covered. The periodic charges to expense should be adequate to cover all regular day-to-day losses as well as to provide an accumulation for business depressions. Furthermore, banks in areas subject to extraordinary and unpredictable hazards (i.e., droughts or severe declines in one industry) should set their rates high enough to build up reserves for the losses which are recurring but unpredictable as to time. As soon as there are signs that any considerable segment of the economy in the community is going backward, the rate should be increased to prepare for losses which will almost surely develop. Likewise, there is much to be said for a bank making somewhat larger contributions to reserves than are called for by the mathematical computations in years of extraordinary prosperity, on the theory that it is in such periods of optimism that commitments are made upon which losses later develop.

The plan should contemplate changes for individual banks when necessary. If after several years of operation the reserves have accumulated beyond what seems reasonable, the annual charge should be adjusted downward. On the other hand, if the accumulated reserve seems to be inadequate it should be adjusted upward. It is axiomatic that the larger the accumulation of reserves during periods of prosperity the less is the likelihood of the necessity for a capital charge when losses develop later. Under the theory of complete elimination of substandard assets, the ultimate reserve should be large enough to offset all of those assets, and should be allowed to accumulate until it provides a comfortable margin of protection for losses which may result in the assets now judged to be satisfactory.

Conclusion

Bankers should welcome such a change in viewpoint. A theory of bank accounting and supervision based upon the elimination of substandard assets and the accumulation of reserves, will limit dividends and income taxes in good years and will thereby increase the margin of protection in poor years. Another practical advantage for the private banking system is that under the strict interpretation of the liquidating theory, a bank which had a sudden accumulation of losses large enough to impair its capital must be closed, but when the examination is made under a theory of "going concern value," such drastic action is not called for if it can be demonstrated that the bank can in all probability charge out the losses against earnings in a reasonable period of time.

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[4] "Potential Other Real Estate," that is, secured by mortgages on real estate which have a poor performance record or thin equity are referred to by examiners as P.O.R.E.

Canadian Securities

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uncertainties which have recently been a disturbing factor. But activity was on a small scale. Direct Dominions and Nationals did little of note, but among the provincial issues Albertas, Saskatchewans and British Columbias were in fair demand at higher prices, and there was also inquiry for longer-term Ontarios. The internal issues continued in the doldrums and the Canadian dollar was unchanged at 9 15/16% discount.

Speculative purchases of internal bonds a few months ago on an exchange basis of 9¼% on the expectation of an imminent restoration of the Canadian dollar to parity are still overhanging the market, and since there will be an exceptional supply of free exchange by the middle of October, it will not be surprising to see a further depreciation of the rate as we approach this period.

Turning to possible future developments, nothing has occurred to change the opinion that the market will continue to display a firmer tone without, however, any great activity.

Lecture Course On Taxes, Now & Post-War

The New York Institute of Finance, 20 Broad Street, New York City, has announced a course of six lectures, beginning on Aug. 28, on present and post-war taxes. The lectures will take place on the days indicated below at 3:30 p.m. at the Board of Governors Room of the New York Stock Exchange, 11 Wall Street. Tuition for the series is five dollars.

Aug. 28—
  "The Present Federal Tax System"—Roswell Magill, Attorney, Cravath, Swaine & Moore; Chairman, Committee on Post-War Tax Policy

Sept. 5—
  "Estate Taxes" — Weston Vernon, Jr., Attorney, Milbank, Tweed and Hope; Chairman, Section of Taxation, American Bar Association

Sept. 11—
  "Individual Taxes"—Harley L. Lutz, Chief Economist, Tax Foundation; Chief of Staff, Committee on Post-War Tax Policy

Sept. 18—"Tax Simplification"—
  Robert W. Wales, Assistant Tax Legislative Counsel, United States Treasury Department

Sept. 25—
  "Corporate Taxes" — Ellsworth C. Alvord, Attorney, Alvord and Alvord, Washington, D. C.; Treasurer and Chairman, Committee on Federal Finance, U. S. Chamber of Commerce

Oct. 2—
  "Post-War"—Emil Schram, President, New York Stock Exchange.

The Institute is also announcing its fall term schedule of courses in general business, investment analysis, and brokerage procedure.

War Bond Redemptions In First Half of August

War bond redemptions in the first 14 days of August amounted to $129,622,063, compared with sales of $147,292,098, the Treasury's daily statement showed on Aug. 16. The Associated Press reported that the explanation was given that cashing of war bonds usually is heavy following the conclusion of a bond drive. For the current fiscal year, beginning on July 1, war bond sales totaled $2,272.347.694 and redemptions $356,653,536.

Following The Crowd

(Continued from first page)

stations. Not only are these found in the woods, but also in the active suburbs of our cities. I am sure that every one of the thousand or more communities where my column is read has these vacant filling stations. In most cases the pumps have either been removed or boarded up. They may be closed for lack of business or because the owner has gone into the service or important war work.

Of course, it is self-evident that with cars on the road reduced by millions and with the gasoline and tire restrictions, fewer filling stations can profitably exist today than was the case before the war. On the other hand, it seems only common sense that most of these closed filling stations will open up again after the war. They then may have just as good, and perhaps better, business. Many of these filling stations are for sale at a distinct discount from their pre-war prices; they appear to me to be one of the very best bargains available today. The "crowd" are neglecting them and act as if the war would last forever, but there will be a few wise persons who will soon begin to pick them up. In some cases the purchasers will operate them themselves; while in others they will sell them at a good profit.

Vacant Stores

As I go about various cities I am greatly impressed with the number of vacant small stores. In some cases the proprietor has been drafted into the service or has found he could make more money in war work. In other cases the help problem and the difficulties of securing merchandise have compelled the closing of the store. Probably 250,000 of these stores have been closed during the past three years. In the meantime, the total retail sales of the country have constantly been increasing.

Most of these stores will reopen at a profit. The proprietor of a small store has many advantages over the owner of a large store. The small store proprietor usually leases, and hence is in a position to change his location when circumstances make it desirable. He is exempt from various labor restrictions and taxes to which the large store is subject. Most important, he can buy nationally advertised, single-priced goods and sell them in competition with the chain and other larger stores. Furthermore, there always will be a large number of people who wish to deal with a small neighborhood store rather than be lost in a larger department store or bullied by the clerk of a chain store. The "crowd" are now neglecting these vacant stores; but the few wise people who are re-renting them and starting a small business will some day be rewarded.

Getting Jobs

I do not criticize anyone for giving up a good peace job to go into war work if the motive is patriotic. When, however, the motive is to get more money, I believe that the person is merely "following the crowd" and will sooner or later regret having made the change. Already many of these people are seeing their mistake and are trying to get back to peace jobs. Certainly, this is not a patriotic thing to do except with the approval of the local U. S. Employment Service.

Those who have been loyal to their old employers and have not "followed the crowd" into new jobs, just to get more money, will soon feel repaid for their loyalty. Hence, whether we consider real estate or businesses or jobs, the most satisfaction in the end comes to those who refuse to "follow the crowd." Integrity, industry and vision pay good dividends when we take time to study the facts and have the courage to act upon our decisions.

Southern Freight Rate Controversy

(Continued from first page)

the Southern freight rate structure is grossly discriminatory against Southern industry, retarding its development in innumerable ways, and accounting for virtually all of the economic ills of the South. The Governor of Tennessee has been the principal instigator of the agitation by the Southern Governors to secure uniformity of Southern freight rates with rates in Official territory. Undoubtedly, the political ambitions of certain of these public officials have been the motivating force behind the position they have taken with regard to Southern freight rates. Efforts to advise them as to the actual facts have been unsuccessful, the truth having fallen on deaf ears. This is not strange to understand. But it does explain why certain officials continue to state over and over, time and time again, arguments that are fallacious and unsound, until today they have convinced a relatively large number of persons, at least in the South, that their claims are true.

The major contention of the TVA survey and the Southern Governors is that freight rates in the South are 38% higher than in Official territory, thereby retarding the industrial growth of the South, and draining it of its raw materials. Now the facts in the case refute each of these arguments as unsound and hence untrue.

The industrial growth of the South in the last 20 years has been at twice the rate of the rest of the United States, including Official territory.

The general overall Southern freight rate level is approximately 105% of rates in Official territory—not 138%.

Much of the tonnage hauled by Southern carriers moves on rates that are lower than rates in Official territory and, in many instances, it moves on rates which are no higher mile for mile than in the Northern territory.

The South is not being drained of its raw materials since very little of these materials move into Official territory, but instead move to other points within the South.

In actual practice Southern carriers have adjusted their rate structure to meet the industrial and commercial needs of the South. It is of major importance to note that Southern industrialists are opposed to the efforts of the Southern Governors to secure uniformity of rates. Indeed, they have been fearful that the Interstate Commerce Commission may take these ambitious politicians seriously, thereby setting Southern industry back many decades in its efforts to find its true place in the national economy. Already the TVA rate studies and the continued repetition of fallacious arguments by the Southern Governors, especially by the Governor of Tennessee, have done incalculable harm to the expansion of Southern industry. One Southern industrialist has stated, "The business men, the traffic managers, the men who produce the goods, direct its movement, and pay the bills, emphatically do not want Congress to fix rate levels, no matter for whose supposed benefit it is done. . . . No formula for the unification with rates in other sections can be suggested which will not actually crucify the South!"

The industrialists of the South appeared before the Interstate Commerce Commission at its recent hearings on the problem to protest against the arguments of the Southern Governors and to urge the Interstate Commerce Commission to continue its time-tested policy of administration of a flexible rate structure for the South.

On the other hand, the Southern Governors threatened the Interstate Commerce Commission with a "Rule or/and Ruin" policy by advising the Commission that it must yield to their contentions, promote their political ambitions, or else they will force Congress to take over the determination of rates by legislative action. This is the first important challenge to the dignity and honesty of the Commission in its long history of fair, impartial and constructive regulation of rates in this country. It is a challenge that must not and cannot be ignored!

If the members of the Interstate Commerce Commission who certainly understand the rate structures of the various sections of the country—a majority of whom are from the sections which are "discriminated against"—are to be threatened in this manner, then there is little hope, indeed, for the American economy.

Another report frequently quoted by the Governor of Tennessee is the study of "Interterritorial Freight Rates" by the Board of Investigation and Research under the Transportation Act of 1940. This study is not confined to the South.

In an effort to prolong its political existence, this Board, under the leadership of C. E. Childe, of Omaha, digressed from its original objectives to undertake this study of interterritorial freight rates. In a letter to the Vice-President of the United States, protesting his attack upon the Southern Freight Rate structure, Mr. A. J. Ribe, one of the South's ablest traffic managers, wrote under date of April 11, 1944: "Obviously, you have obtained your information from the report of the Board of Investigation and Research on Interterritorial Rates, House Document 303, 78th Congress. If this be your authority, you have been betrayed by a document that cannot be condemned too strongly as a conglomeration of meaningless averages, with conclusions reached through 'trick' rate comparisons, and by 'studies' made in cheerful disregard of the flow of traffic. This Board has been free in the use of 'kangaroo' rates; in other words, rates upon which no traffic moves, and which are published in order to comply with the law. These 'kangaroo' rates, which have no effect whatever on the movement of traffic, are compared with 'live' rates, which are vital and which move traffic. These unfair and meaningless comparisons naturally discredit the work of the Board and cast doubt upon the objectivity of its purpose. The reports of the TVA are subject to the same criticism."

The theory of government that underlies the Southern Governors' freight rate philosophy was set forth by the Governor of Georgia in September, 1943, in Denver, Colorado, when the Southern Governors bid unsuccessfully for the support of the Western Governors for their "cause."

The Governor of Georgia said, "It is assumed by many that railroads are private concerns, existing because of private initiative. That is wholly and completely false. . . . Primarily the railroads are instruments of government."

Here is a challenge to the entire system of free private enterprise. If the railroads of the country are instruments of government then banks, insurance companies, mines, utilities, and all our major industries are instruments of government. When the railroads and banks become instruments of government, free private enterprise will exist in name only.

No effort has been made by the railroads or anyone else to hide or conceal the fact that Southern freight rates on the average are approximately 5% higher than rates in Official territory. (It is denied, however, that they are 38% higher.) This additional 5% means about $25,000,000 a year in revenue to the Southern railroads. Now the general overall average of rates in the South is so low that the Southern railroads failed to earn even their fixed charges during the ten years 1930-1939 by more than $80,000,000. If they are forced to give up this $25,000,000 resulting from 5% higher rates, it will mean that these Southern railroads must either go bankrupt or recover the $25,000,000 from rate increases wherever they can be made. Obviously, the present favorable commodity rates could not continue in effect on the existing low level. Yet an increase in these commodity rates would do immeasurably greater harm to the industrial growth of the South than any benefits these industries might receive from equality of class rates. There may, indeed, be more truth than poetry in the argument of the Governor of Georgia that railroads are instruments of government if they are to be prohibited from earning a fair return.

There are 3,500 exception rates in the South. This is one-third of all its ratings. Under this system of exception ratings it is obvious that illustrations could be multiplied to prove that the advocates of rate uniformity do not understand how the existing rate structure actually works to the benefit of the South. To illustrate, Nashville, Tennessee, and Indianapolis, Indiana, are the same distance from Evansville, Indiana. The first class rate on shoes, hose, dry goods, etc., from Nashville to Evansville is 99 cents or 30% more than the first class rate of 76 cents from Indianapolis to Evansville per hundred pounds. The advocates of uniformity point to this as a gross discrimination against Nashville and hence against the South. But the rate from Nashville to Evansville is a "paper" rate that does not apply in practice. The actual rate that shippers pay from Nashville to Evansville on shoes, hose, dry goods, etc. is 69 cents, a third class exception rating. Thus Nashville has an actual advantage of 7 cents per hundred pounds on these commodities over Indianapolis since the rate of 76 cents is the actual rate between these two points in Official territory. If the principle of uniformity should be applied the rate from Nashville would have to be increased from 69 cents to 76 cents per hundred pounds, thereby taking from Nashville shippers of shoes, hose, and dry goods the present advantage of 7 cents.

Boston, Mass., St. Louis, Mo., and Nashville, Tenn., are large shoe manufacturing centers. On certain shoe manufacturing material the rate from Boston to St. Louis is $1.93 per hundred pounds, whereas the rate is $2.52 to Nashville from Boston. This appears to be an unjust discrimination against Nashville. What the critic fails to point out in this case is that the rate on manufactured shoes from St. Louis to Boston is $1.93 per hundred pounds whereas the rate from Nashville to Boston is $1.76 per hundred pounds. Thus the Nashville manufacturer of shoes has an actual advantage over St. Louis in the Boston area, although both cities are approximately the same distance from Boston (1177 v. 1189 miles). Equality of rates would raise the rate from Nashville to Boston to $1.93, thereby making it more difficult for Nashville shoe manufacturers to compete in the Boston area. It should be pointed out that Nashville shoe manufacturers sell shoes on a profitable basis not only in New England in competition with locally manufactured shoes but they sell shoes on a profitable basis in New York, on the Pacific Coast, and even in foreign countries. One factor that makes this possible is that Southern railroads have given these local manufacturers rates that are adjusted to their needs. It is also certainly true that Nashville has had a remarkable expansion in shoe production in recent years under the existing rate structure.

An official of one Nashville manufacturer of shoes did point out that the higher rate on shoe manufacturing material to Nashville cost his company $60,000 a year extra compared with St. Louis. This is an insignificant item in the total costs of this company. To gain this $60,000 the company would have to lose its favorable rates on manufactured shoes to all parts of the country, thereby costing it many times the $60,000. Of course, this company would like to keep its favorable rates on shoes and at the same time save the $60,000. But uniformity would raise the Nashville to Boston rate by 17 cents per hundred pounds, thereby seriously affecting the profits of this particular Nashville manufacturer. Furthermore, this company is making a higher percentage of profit than any Southern railroad. Its case is cited here since it was one of the very few Southern industrial concerns to ask for uniformity in rates before it understood all of the implications involved. The fact is that this company would continue to buy certain of its shoe manufacturing materials in the North even if the Southern railroads hauled them free of charge.

In the South rayon is shipped at 60% of first class whereas in the Official territory it is 71%.

Prior to September, 1940, the rate on textiles from Nashville to New York was $1.63 by rail whereas the rate from New York to Nashville was $2.33 per hundred pounds. The rate is now $1.63 each way by rail but by truck the southbound rate is still $2.33 and the northbound rate is $1.63 between these two cities. Certainly there is nothing in these rates to hinder this outstanding Southern industry. Instead, uniformity in the general rate structure would raise the favorable commodity rates on cotton to Southern textile mills, thereby seriously crippling their ability to compete with Northern textile manufacturers.

One of the large brick manufacturers in the United States is located in Nashville. The actual rate on brick per ton from Nashville to Evansville is $1.90 whereas the rate from Indianapolis to Evansville is $2.15 per ton. Uniformity in rates would wipe out this advantage of 25 cents per ton that Southern railroads have given shippers of brick in Nashville. The trade area of this large manufacturer would become much smaller or else small branch plants would have to be established. Under either result the economies of large scale production would be lost, thereby raising the ultimate cost to consumers.

The rates out of Nashville on candy, paper boxes, hardwood flooring, stoves—all major industries—would be adjusted to the disadvantage of the Nashville manufacturer under the proposed scheme, even if these goods should be shipped to points within the South.

Mr. A. J. Ribe, has discussed the rates on stoves as follows: "Stoves have been treated by the ICC interterritorially in both directions. The southbound rates are on basis of the higher-graded Southern scale. The northbound rates are on basis of the lower-graded Eastern scale. These conflicting levels cannot be brought together without hurting the Southern stove manufacturer, whether his market is in the North or South. Stoves are made in Cleveland, Tenn., and in Cleveland, Ohio. The rates per ton on coal stoves, carload, between these points are $13.40 southbound and $9.60 northbound. Similar differences exist on coal stoves, l.c.l., and on gas stoves, c.l. and l.c.l."

The classification of freight is usually lower in the South than in Official territory. This lessens the "paper" discriminations against the South that appear in the published rate schedules. The first class rate in the South is 76 cents per hundred pounds for 100 miles, whereas it is 56 cents in Official territory. However, in the South soap moves under a rate that is 42% of first class or 42% of 76 cents or 32 cents. In Official territory soap moves on a rate of 50% of first class or 28 cents. Instead of a disadvantage of 76 to 56 the actual disadvantage is only 32 to 28. Since more than 50% of the people of this country live in the Official territory and only 16% live in the South, the smaller volume of soap handled in the South would seem to make this rate quite favorable to Southern consumers. Certainly in the South the consumer does not pay any more for soap than consumers pay elsewhere in the United States.

Now, Southern shippers understand these factors and realize that the Southern rate structure on the whole is favorable to their interests. They grant that class rates are higher than in Official territory (not 38% higher), and that the over-all rate structure is 5% higher. These shippers know the difference between the true rate levels and the academic comparisons of "paper" rate scales. Furthermore, mile-for-mile commodity rates are lower in the South, often substantially so, giving the Southern manufacturer an advantage that he cannot afford to lose by an adjustment of class rates on a uniform basis.

On the other hand, the Governor of Tennessee, exhibiting either an inability or an unwillingness to understand the true situation, has cited the following example on the radio and in the press, of how freight rates affect Southern industry unfavorably.

"Chattanooga, for instance, cannot ship flour to Camp Forrest, Tullahoma, Tennessee, just 80 miles away, for as little as Minneapolis can ship the flour several hundred miles to the camp."

Now, the rate on flour from Minneapolis to Tullahoma is 49 cents per hundred pounds, whereas the rate from Chattanooga to Tullahoma is 16 cents per hundred pounds. It is difficult to understand why the Governor selected Minneapolis since virtually no flour is shipped from Minneapolis to Tullahoma; instead most of the flour reaching Tullahome comes from the Middle West.

If a miller in Chattanooga should buy his wheat in Minneapolis and have it shipped to Chattanooga by rail, it would cost him only 2 cents more than the rate to Tullahoma or 51 cents. Having received such wheat from such an unnatural source, he could mill and ship it back to Tullahoma for 5 cents per 100 pounds. A miller in Chattanooga who would purchase his wheat in Minneapolis would, therefore, be at a disadvantage of 7 cents per 100 pounds compared with a miller in Minneapolis if he could sell flour in Tullahoma.

Surely the Governor would not expect a railroad to move the flour (or wheat) through Tullahoma to Chattanooga, a distance of 82 miles, and then move it back to Tullahoma for the same rate or at a lower rate than direct to Tullahoma. It violates his argument for rates on a mile-for-mile basis.

This, however, has nothing to do with the Chattanooga mill concerned. This company brings much of its wheat into Chattanooga from St. Louis and Missouri River points by barge. The wheat is not brought from Minneapolis. The Chattanooga company owns these barges and, of course, brings the wheat in at a fraction of the cost it would have to pay if the wheat were brought by rail from Minneapolis and then milled into flour at Chattanooga. The Chattanooga mill, therefore, is subject to the rate of 16 cents per 100 pounds on flour from Chattanooga to Tullahoma, plus the very low cost it has of transporting the wheat from the Middle West in its own barges to Chattanooga. This should enable the Chattanooga company to sell flour in Tullahoma at a large advantage compared to millers in Minneapolis who are subject to the rate of 49 cents per 100 pounds on flour made out of wheat shipped to Minneapolis from points beyond.

It would seem that these facts are so simple and clear that there is little room for misunderstanding or misinterpretation.

The author has been reliably informed that the Traffic Manager of this company has even made a special trip to the Governor's office where he advised the Governor that his company was at no disadvantage so far as commercial rates were concerned and that the back haul from Chattanooga to Tullahoma was not unusual under the geographical situation. The relations of the Chattanooga mill with the Southern railroads is very satisfactory and on a most cooperative basis. The actual situation, however, seems to have little influence on the Governor, whose position seems to be that he knows more about the needs of Southern industry than the industrialists themselves. At any rate, he and the other Southern Governors continue to build up their straw man in order to have the privilege of knocking him down. They have done it so often that they are attracting a group of followers who are approving their tenacity, without fully understanding their objectives or motives.

The Governor of Tennessee seems to blame all of the economic ills of the South on the 5% over-all higher average of freight rates that exist in the South. In a statement before the Interstate Commerce Commission, he said: "The 1940 United States Census showed that the per capita wealth of the Southern States in Southern Freight Rate Territory is $1,161, which is less than one-half of the national average which is $2,335. This census also shows that the per capita income for the States represented by the Southern Governors' Freight Rate Conference is only $317 per year compared with $573 per year for the nation as a whole.

"The Southern State Governments themselves are financially unable to provide such benefits for their citizens as other State Governments of the nation are able to provide. For instance, the States in Southern Freight Rate Territory are only able to pay an average of $10.60 for old age assistance, whereas the national average is $21.75. This comes about from the inability of the Southern States to put up their half of the money to match Federal funds. The value of school property per enrolled pupil in the States we represent is only $124 as compared to an average for the United States as a whole of $300."

Of course, it is easy to refute such charges. It is being done. But as a result of constant repetition an increasingly large number of persons are coming to believe them to be true.

The Governor of Tennessee has also stated: "The Southern Governors believe that the discriminatory freight rates now in effect operate to discourage and exclude industry in the South, and to keep the South a raw-material producing region and consequently a low-income region, and thus contribute to produce the economic ills of the South."

It is surprising the large number of persons who accept this statement as true without the least effort to verify its accuracy. The Southern freight rate structure has not and does not operate "to discourage and exclude industry in the South."

Between 1927 and 1939 — the years in which the class rates now complained of have been in effect—the United States Census of Manufactures shows that in the eight States included in Southern Freight Rate Territory, the number of manufacturing establishments **increased** 1.8%, while the number in the United States as a whole **decreased 4%**; the number of wage earners in manufacturing **increased** 8.7%, while in the country as a whole they **decreased** 5.5%; the wages paid in manufacturing decreased **only 0.8%** in comparison with a **decrease** of **16.2%** in the country as a whole; and the value of products manufactured **increased** 13.2%, while in the country as a whole there was a **decrease** of 9.4%.

From 1931 to 1935 the United States as a whole lost 5,144 manufacturing plants, but the South gained 987. Every city in the United States whose population has doubled since 1920 is in the South.

The South now has over 25% of the manufacturing establishments in the United States and is growing at twice the rate of the rest of the country.

In September, 1940, the Southern Railway handled the following traffic from the South at Cincinnati:

	No. of Cars	Percent of Total
Products of agriculture	630	9.7
Animals and products	288	4.4
Products of mines	1,693	26.2
Products of forests	1,979	30.6
Manufactures and miscellaneous	1,882	29.1
Total	6,472	100.00

The Vice-President of the Southern Railway has pointed out that 29.1% of this traffic comes under the classification of "Manufactures and Miscelloneous." In the North and East, where manufacturing plants have been developed for the last century, the proportion of "Manufactures and Miscellaneous" traffic to the total traffic of the railroads is only 32%. For the country as a whole, the relation is 28%. When it is considered that prior to the Civil War the basic economy of the South was agricultural, and that it was many years before it recovered from the disastrous consequences of the War, do these figures look as if the development of Southern industry has been stifled?

The Vice-President of the Southern Railway wrote recently to the Editor of a Chattanooga, Tennessee, newspaper concerning the efforts of that Railway to assist industries in Chattanooga:

"To give a specific illustration: Chattanooga is substantially interested in the manufacture of iron and steel articles. To aid these manufacturers and, in addition to competitive outbound rates on their produuct, we have for many years carried very low freight rates on pig iron, billets, etc., from the Birmingham district. The current basic tariff is $1.38 per gross ton, for a haul of 146 miles. A comparable rate in the North, from Pittsburgh to Cleveland, a distance of 131 miles, is $2.92 per gross ton. On the other hand, the Birmingham mills can draw scrap iron from Chattanooga at a rate of $2.09 per net ton, but if Pittsburgh buys scrap iron at Cleveland the freight rate is $3.19 per gross ton. Comparisons of this kind could be extended almost ad infinitum, all representing the effort of the Southern railroads to aid and develop the industry they serve.

"I have referred to the fact that the conduct of a railroad is not essentially different from that of any other business. I come to Chattanooga frequently, and I always pay 5 cents for a copy of your fine paper. My travels also carry me to New York, and there I buy The New York 'Times' for only 3 cents per copy. Yet I get about twice as much newspaper in New York for 3 cents as I get in Chattanooga for 5 cents—measured by news and feature columns alone.

"According to a publication before me, your net paid daily circulation is 51,362 copies, and your advertising rate is 20 cents per line. The net paid daily circulation of The New York 'Times' is 454,502, and its advertising rate is $1 per line. Thus measured on the basis of circulation, your advertising rate is almost twice that of The New York 'Times.'

"Of course, I know the answer. It is the volume of business you do. But, that answer applies equally to the Southern Railway System and its rates."

Wouldn't it be just as reasonablue to organize a movement to prevent unjust discrimination against the readers of Southern newspapers by demanding that no Southern newspaper charge more than the rate in New York or 3 cents per copy.

The President of the Illinois Central wrote in June, 1943:

"Uniform rates are a pretty theory but would not be pretty practice. There is no one thing that would be more upsetting to business everywhere than to have uniform freight rates everywhere.

"Suppose all clothing were made to uniform dimensions. On the day when uniform rates go into effect, let all men and women and children of assorted shapes and sizes appear in public in this uniform attire. The grotesque sight would perfectly illustrate the then state of business under this supposed equality of freight rates. Uniform rates on all their materials and products would fit the freight-producing enterprises throughout the country with their multitude of different conditions no better than garments of uniform dimensions would fit the human bodies with their multitude of measurements.

"This agitation over Southern freight rates seems to be based on a belief that industrial development in the South is being hampered by less favorable freight rates than are to be had in other parts of the country. The fact of that matter is that industrial development in the South is not being held back for any reason. For some years now the South has made more rapid industrial progress than the remainder of the country. The railroads of the South have contributed greatly to that progress by providing service and rates that stimulate the free flow of raw materials and industrial products.

"The Illinois Central is a north-and-south railroad. As such it is naturally interested in the free flow of commerce in the North, in the South, and in both directions between the North and the South.

"Freight rates are the result —not the cause—of industrial development. As business develops, rates are made to move it.

"In all the years that it has been working for industrial development along its system lines, North and South, the Illinois Central has never lost an industrial prospect on account of freight rates."

Should the price of every book be the same just because each has say 500 pages in it? Should all colleges charge the same tuition per year regardless of circumstances? In the same university should the fee for college, medicine, law, etc., be the same? Isn't it necessary to fit the cloak to the actual circumstances? These do not retard education, do they?

Hasn't the South been retarded due to (1) bankruptcy resulting from the War of 1861-65; (2) lack of skilled labor as well as lack of capital; (3) only 16% of the population compared to 50% in the North giving a volume basis in the North?

Isn't it now true that most of Southern raw materials move to factories in the South? If rates are raised on these raw materials, won't it hurt these Southern industries?

Cotton from the South to New England moves by **water**, and not by rail. So do some other Southern raw materials. The railroads have nothing to do with these water rates. Instead, they want the raw materials to move to Southern factories to be manufactured in the South. Cotton from the South moves by rail to North Carolina mills—not to northern mills. Bauxite moves to Alcoa (Knoxville, Tennessee)—not into the North on any major scale. TVA power at Alcoa is responsible for this. It is still in the South!

As pointed out by Mr. A. J. Ribe, "a recent study of 34 commodities, or groups of commodities, clearly recognizable as raw materials—such as cotton, hides, coke, pig iron—shows that the South, in a 12-year period ending with 1941, shifted from an exporter of such materials, with a net outbound balance of 1,000,000 tons, to an importer, with a net inbound balance of 1,377,000 tons.

"True, the South ships lumber, coal, fruits, and vegetables to the North, but these are not 'raw materials' in the sense in which the agitators of this subject use the term.

"Southern coal moving northbound competes with northern coal. That the rates applied to the Southern coal are on a lower level than those applied to Northern coal, distance considered, is well known.

"Does any Southern interest wish to stop the South's shipment of fruits and vegetables? That is what they are raised for!

"The tremendous increase in the use of raw materials in the South—some coming from the North and some from the West—has been accomplished under the present rate structure."

It is difficult to understand how the Governors can believe that the railroads would want to keep a rate structure which would prevent the South from developing on an industrial basis when such development would mean much additional tonnage to these Southern railroads. Each railroad in the South has agents in its traffic department who are seeking new industries all the time that will contribute to the industrial development of the South and to its economic stability. Why would they have these departments if they were not willing to work out rate adjustments and do anything legally within their power to secure these new industries?

It is the business of the Southern railroads to assist and foster the industrial development of the South, for thereby they promote their own welfare. The officials of the Southern railroads are progressive men of vision who want the South to grow into a great industrial empire.

One is forced to conclude that if these advocates of rate changes would leave the administration of the rate structure of the South to the Interstate Commerce Commission, where it legally belongs and whose members alone are competent to pass upon its merits, the industrial growth of the South will be assured. Instead these politicians should devote themselves to securing a revision of the antiquated tax structure of the South and to bringing about a simplification of State and local governments. Then, indeed, they would be contributing to its industrial development.

It is a pity that these political leaders of the Southern States are directing their efforts in such a misguided manner with such harmful potentialities to the South.

This was well stated in an editorial in the Jackson, Mississippi, "Daily News," of May 12, 1943:

"Slandering the South—If the press of the nation wants to render a real service to the South it will launch a campaign to completely debunk persistent propaganda to the effect that the South is being grossly discriminated against in the matter of freight rates.

"There is no discrimination by the railroads against the South in the matter of freight rates and it is astonishing that the general public, even some of our editors, continue to believe the false, foolish and fantastic fulminations of demagogues and shyster lawyers seeking to show that such is the case.

"Moreover, it is downright damaging to the South today and detrimental to the South of the future to give credence to such statements for it has a tendency to retard rather than encourage our industrial development. For any person to contend that any other section of the country is more highly favored than we are in the matter of freight rates is not only a gross falsehood but the inevitable effect is to drive away capital that would otherwise be seeking investment in this section.

"Strangely enough, it is not merely loose-lipped demagogues and fee-hunting lawyers who make vocal the contention of freight rate discrimination against the South. That absurd contention is always the chief topic of discussion at annual meetings of the Southern Conference of Governors, and always they adopt resolutions on the subject, breathing much righteous wrath, when the cold truth is that freight rates is something none of our Southern Governors know a blessed thing about. They are merely accepting at face value the false preachments of others. . . .

"It is high time, in view of these irrefutable facts, for Southern people to take stock of themselves, and likewise their surroundings.

"We of the South must wake up to the fact that we are being made the victims of slander, and much of it is self-slander.

"We must realize that our so-called leaders are trying to scare us with a bugaboo, and make us believe in something that does not actually exist.

"We must refute the twaddle —that we are being held back in our material development by a conspiracy against us woven into the warp and woof of the nation's transportation system.

"We should refute utterly the false, foolish and fantastic idea that we cannot do business in competition with any other section of the nation.

"We must quit deluding ourselves, quit indulging in self-pity, and quit accepting without question the preachments of politicians who pretend that they are trying to rescue us from an awful predicament.

"The extent to which this damnable idea about unjust discrimination has fastened itself in the minds of our people is nothing short of deplorable. It has been accepted as true by people of all classes. Few have taken the trouble to check on the facts. We have allowed it to sink into our minds without raising the slightest question as to its accuracy, and if there was ever a subject on which the press should engage in some glorious debunking it is this alleged 'unjust discrimination against the South in the matter of freight rates.' Let's have no more crusading against something that does not exist."

Interesting Situations

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have prepared interesting memoranda on Associated Electric Co., Cleveland-Cliffs Iron, Giant Portland Cement, Florida Portland Cement Co., New England Power Association, and New Orleans Great Northern Railway. Copies of these memoranda, and the current issue of the firm's "Preferred Stock Guide" containing comparative figures on public utility preferred and common stocks, may be had upon request.

How Proposed "Reservations" At Bretton Woods Were Dropped

(Continued from page 780)

tion of the governments and legislators concerned.

"Now I suggest to those delegations who are proposing to make reservations that this procedure will suggest that there is some difference in commitment in respect of the points specially reserved compared with the rest of the document; and, therefore, that the rest of the document is in some sense accepted.

"Is it not better that we all of us make clear the entire absence of commitment on the part of our governments and that the particular points of reservation be merged in the general reservation and be not particularly recorded? Only in this way can misapprehension be avoided. Otherwise the position of those of us who are making no particular reservations may not be understood.

"I would therefore urge this course on the delegations interested in the particular matters which the reporting delegate has brought to our attention; and I propose to them that these reservations, by general agreement and in the light of the above be retained in the minutes of the Commission where they are already recorded but are not made part of the final act."

Judge Fred. M. Vinson followed Lord Keynes with a similar plea:

Fred M. Vinson

"I join with the delegate from the United Kingdom in respect of the particular consideration that should be given to reservations. There is no doubt in my mind that special reservation weakens the general reservation that is provided in the invitation under which we meet. It not only makes it difficult in the particular country making the reservation, it makes it difficult to those countries where no reservations are made. But I would speak to you particularly in respect of a somewhat unhappy frame of mind that may exist amidst the delegates from a few countries with reference to their quotas. I know the position in which representatives of nations find themselves but I also know that they do not want to make the task of friends more difficult.

"Among our delegates were representatives of the House and Senate. Conference after conference was held in respect of quotas and particularly in regard to the limit to which our country could go without danger of destroying our efforts. As you know the original maximum was $8,000,000,000 (eight billion dollars). That maximum was increased to $8,800,000,000 (eight billion eight hundred million dollars). We were advised that if that limit were exceeded danger would lie ahead. Certainly no delegate present can possibly think that the country in which the genesis of this Conference took place fails to recognize the condition of a war-torn world; that the United States fails to know the misery today that exists in the occupied countries of the world. Gentlemen, the heart of America goes out to the peoples of the earth who suffer from the attack of those countries whose philosophy runs counter to yours and ours."

China's delegation was among those which desired to sign the agreements with a reservation. Because of the devastation and impoverishment of the country due to the long war with Japan, China's delegation complained against the quotas ($550,000,000 in the International Fund and $600,000,000 in the Bank) fixed for this country in the agreements, and requested a consideration for a reduction. However, following the statements of Lord Keynes and Mr. Vinson, Dr. H. H. Kung, who heads the delegation from China, withdrew this reservation in the following language: "After listening to the excellent statement by Lord Keynes, and the eloquent speech by Judge Vinson — especially the touching sentiment which he expressed with reference to China — I am happy to state that the Chinese Delegation is ready to withdraw its reservation. After fighting seven years of war, I need not tell you that the needs of China are very great. We made the reservation because we are facing real difficulties, but after the Chairman of the Quota Committee explained to us the problems they are facing we wired to our government explaining the difficulties confronting the Conference. China is ready to make further sacrifices and to cooperate with the friendly nations 100% in order to make this Conference a complete success. Therefore, Mr. President, I am happy to be able to tell you that we withdraw our reservation and I hope the other countries who have made reservations may also be able to see their way clear to withdraw them so that we can have a record of complete accord and show to the world that we can wholeheartedly cooperate for the common good."

Dr. H. H. Kung

Similarly, M. Pierre Mendes-France, Chairman of the French Delegation, withdrew proposed reservations in the following address: "France has always been among the nations which have participated without reservation in matters of international solidarity. She will do so more than ever after this war, which has proven once again the fundamental need of cooperation between all nations of good will. We believe firmly that the world would know a period of terrible disorder if the countries should not decide to collaborate closely toward the reconstruction of the world, social progress and maintenance of peace.

"This task inevitably requires that substantial concessions be made by all of the nations, and, I venture to say that each one will in the future respect to a larger extent than before the legitimate interests of other nations.

"I also venture to say that each country will consent to some restrictions and limitations of its sovereignty and also of its full freedom of action.

"Such revisions in international relations will, however, be adhered to only if all the peoples of the world are convinced that they are entering into organizations conceived in a fair manner where all will find sufficient guarantees for the recognition and the exercise of their rights, the development of their natural resources and the furtherance of their intellectual and spiritual faculties.

"I shall not read to you here my letter to the President in which I state in greater detail France's position. In this letter I offer some remarks regarding the situation of the liberated countries, the allocation of quotas, with particular reference to Europe and France, the definition of 'current transactions,' the flexibility of the machinery for the purchase of foreign currencies, etc.

"We have expressed some reservations during the proceedings, but if all countries represented here withdraw all of their reservations with the understanding that some sort of general reservation covering the entirety of the text and asserting the total liberty of the governments, be maintained, the French Delegation shall adhere to this procedure. The French Delegation also takes note that in accordance with what was said by Lord Keynes, the text of its reservations shall remain recorded in the minutes of the Commission.

"The French Government, and with it the French people, soon to be liberated by the armies of the United Nations and through the sacrifices of its own sons, shall participate tomorrow as yesterday in any effort tending to improve the texts which we arrived at and which we consider a first approximation.

"Neither the government nor the people of France will forget how very much indebted they are to the intelligent and courageous initiative taken by the President of this great American republic, to the constructive will and tenacity of the President of this Conference, to the creative spirit, the technical competence, and the tireless devotion of the experts of all delegations and, in particular, to the Chairman of Commission I, to whom his Commission last night has paid tribute by unanimous applause."

The Russian Delegation, along with China and France, also desired to give expression to "reservations," but agreed to forego their insertion as a part of the final act of the Conference. In doing this, M. S. Stepanov, Chairman of the Russian Delegation, made the following statement: "Like other forms of international collaboration, economic collaboration and particularly collaboration in monetary and financial spheres, requires mutual understanding, mutual respect for the interests of the participating nations and the sovereign rights of their States. The International Monetary Fund should in all its activity be guided by the above principles. The Conference has prepared such provisions for the Fund which would meet these sound requirements for effective international collaboration.

"The Conference has carried out a great and useful work in elaborating the Draft Agreement on the Fund. High tribute should be paid in this connection to Dr. White and his colleagues. We wish to pay a special tribute to Mr. Morgenthau and to Mr. Vinson whose efforts greatly facilitated the success of the Conference. We are happy to observe that all delegations have worked in a friendly spirit and cooperated closely in achieving mutual agreement.

"The work of the Conference has been successfully accomplished although we had to deal with many questions of a difficult nature. This Conference will be regarded as one of the important efforts of the United Nations to solve the post-war economic problems of the world.

"The delegation of the USSR has made some reservations regarding the Draft Agreement on the Fund which were mentioned by the reporting delegate. I have to state, of course, that the approval of the Draft Agreement at this Conference, as had been indicated in the invitation of the Government of the United States to this Conference, should not be regarded as approval of the Draft in whole or in any of its parts on behalf of the USSR Government. The USSR Delegation deems it its duty to submit the Draft Agreement on the Fund prepared by this Conference for the consideration of the USSR Government, reserving the full right of the USSR Government to make a free and independent study of the Draft and to decide all questions connected therewith.

"Our Conference, which aims to secure post-war international collaboration among freedom-loving peoples in monetary and financial spheres, is a new contribution to the mutual efforts of the United and Associated Nations which are destined to achieve our mutual goal—everlasting peace and world prosperity.

"I agree to include all our reservations into the final minutes of Commission I. Therefore, these reservations may not be entered into the final act."

In withdrawing its reservations for a claim to a larger quota in the International Monetary Fund, Mr. Kyriakos Varvaressos, Chairman of the Greek Delegation, remarked along similar lines: "It is my first duty and my privilege on behalf of the Greek Delegation to express our sincere thanks for the words which Judge Vinson has found to manifest the sympathy and appreciation of the American people for the peoples of my country who contributed all they had in this hard struggle and are at this moment suffering and still fighting with the same spirit, the common enemy. I wish further to declare on behalf of the Greek Delegation that, in the light of what has been said by Lord Keynes and Judge Vinson, we withdraw the only reservation which we had made with regard to our quota.

"We do so, first, because we want to emphasize the spirit which has prevailed throughout this Conference, a spirit of collaboration, mutual understanding, and a high degree of discipline; second, because we are convinced that the Constitution and the functioning of the Fund is much more worthy to our countries than the specific interest which we have in obtaining a relatively larger quota; and third, because we wish to declare that we contemplate with confidence and assurance the future collaboration of our countries with the Fund. When we examine the provisions of the Fund as a whole we are persuaded that any country which has a just cause to present to the Fund will not do so in vain."

France And Poland Expect Aid From Bretton Woods Agreements In Post-War Rehabilitation

Delegates From These Devastated Countries Express Hope Of Early Rehabilitation With International Cooperation

On the final day of the Bretton Woods International Financial and Monetary Conference, M. Pierre Mendes-France, Chairman of the French delegation, and Dr. Ludwik Grosfeld, Minister of Finance of the Republic of Poland, and a delegate to the Conference, issued separate statements, in which both expressed satisfaction with the agreements reached by the Conference and expressed the hope that through such international cooperation, their respective countries would be assisted in the work of post-war rehabilitation.

In his statement made at the closing Plenary Session of the Conference, M. Mendes-France remarked that "this is not the first time that nations have decided to sit around one table attempting to adjust their interests and to build together some international organization for the purpose of facilitating their collaboration in the economic field.

"The Conference of Bretton Woods, however, may be proud of having inaugurated a new era in the history of these conferences.

"While the battle is still raging," he continued, "it bears witness to the constructive will and determination of the United Nations. Without waiting for the end of this gigantic fight which continues all over the globe between the forces of progress and the forces of destruction, the United Nations have decided to prepare in advance the machinery which will permit the entire world to resume the work of peace and production of speculation of ideas with more efficiency and more reason for hope, once the cannon has ceased to fire.

"When this moment comes, instead of reconstructing their economies according to individualistic and sometimes selfish methods, the United Nations will endeavor to make their national program part of a large collective conception.

"Nothing would be more dangerous than to permit the different countries to try to regain their stability and their economic prosperity separately just as they have tried in times of the past to insure their security separately.

"They would fail tomorrow as they have failed yesterday. Because, as it is impossible in the modern world to circumscribe wars, it will be impossible to avoid the spread of unemployment, economic stagnation, excessive economic fluctuations from one country to another with all their train of miseries and sufferings.

"This, the people realize already. But perhaps they do not yet see that concrete steps must be taken urgently before the effective work of reconstruction can be started. If tomorrow the different Governments are called upon to perform the heavy task which awaits them, each one in his country, without being able to lean on an international program that will have to be established in advance, they shall once more succumb to local and individualistic influences and to traditional temptations of the past. Special interests will succeed again in crystallizing positions which we might have believed to be out of date.

"And when then finally a program will have been established it would meet with such resistance as would render its execution very much more difficult and perhaps painful.

"The entire merit belongs to the President of this great American Republic for having taken audaciously the initiative and having invited the United Nations to this Conference in order to study together today—not tomorrow—these most delicate matters; namely, those concerning the monetary and financial soundness of the post-war world. The Conference under the high authority of its most eminent and hospitable President, the Presidents of its Commissions, and thanks to the devotion and tenacity of the experts of the different delegations, has largely cleared the ground which was assigned to it as its field of activity. To the difficulties of international transactions, it offers as solution the ingenious machinery of the International Stabilization Fund. To the problems of reconstruction of the war-ravaged countries and of development of the young economies it offers the flexible solution of the International Bank.

"No doubt, as original and audacious as these plans may be, they do not offer a complete and definite answer to all the questions which have been addressed to us by the anxious peoples of the world who wish to know their future and to see their economic security insured. But now that our work has come to an end, we have the right to say that great steps forward have been made and that solid foundations have been laid upon which tomorrow the other international organizations and bodies destined to organize an economic post-war world, will be built."

Speaking of his own country's future, M. Mendes-France said "France for her part shall endeavor to accomplish her rehabilitation by utilizing measures which, far from isolating herself from the other nations of the world, will develop even her solidarity, her intimacy and her collaboration with them. Opposed to autarchy and to discriminatory restrictions, opposed to all techniques consistent with the preparation, the continuation or the liquidation of a war but inconceivable in a world guided by fraternal cooperation of all people of goodwill, France is glad to have participated in this International Conference at Bretton Woods, glad to have witnessed its success and the birth of two great international bodies which for the battered peoples constitute a promise of greater security, of more productive work, a guarantee of a better insured peace, and of a better life."

Another French delegate, M. Andre Istel, in expressing the approval of the establishment of the Bank for Reconstruction and Development, remarked at the same session of the Conference:

"It is the conviction of the French Delegation that in cooperating wholeheartedly toward the establishment of the Bank for Reconstruction and Development, we have participated in a historic event. We feel certain that in our efforts towards new financial conceptions, we shall have the full support of French public opinion.

"The French people are keenly aware of the lack of vision and of sense of destiny which was prevailing during the intermediate period between the two wars; they are looking towards new horizons; they feel that in this modern world of ours, methods of distribution and financing have not yet been adapted to the revolutionary changes which have already taken place in the fields of production and transportation.

"We are today facing destructions such as the world has never known. The French people know that by enduring these devastations, they are making an effective contribution toward a better world of the future. They also know that they have what might be called the 'tragic luck' of having to start from the very scratch in the task of reconstruction.

"Modern wars are more destructive than wars of the past. But owing to new techniques, to new equipment and to mass production, the amount of new wealth produced each year is today and shall be tomorrow much greater than it used to be only a few years ago in proportion to the amount of existing wealth. We may, therefore, readily assume that war damage can be repaired in a relatively reasonable period of time provided sound political, economic and financial measures are adopted.

"The plan conceived by the American and British experts is audacious, while at the same time realistic—of course there is not human work without weak points; a further study with less pressure of time than at Bretton Woods might still improve the plan. The purposes of the Bank, as shown by Lord Keynes in a very enlightening way, are twofold: to provide resources and to provide guarantees. As guarantees can be furnished by all countries, even by those which have at present no resources, all of the United Nations can participate in the Bank. If resources only had been involved, objections might have been raised against including initially countries unable to supply resources for an extended period of time. (The situation of the Fund is different since any country may temporarily become creditor on current account.) It is probably more important to provide guarantees than to provide resources—for the world does not lack capital, it lacks safety.

"The French Delegation considers it not only the duty, but the interest of all the 45 nations (I have not forgotten Denmark) assembled at Bretton Woods to participate in the Bank with the same enthusiasm (I did not say: with the same amount) with which they participated in the Fund. I am certain that we all feel that way and, even if some may have had a few moments of hesitation, they have not been able to withhold very long their true feelings.

"However, the French Delegation considers it necessary to reiterate its deep disappointment over what it considers an inadequate recognition of the particular hardships suffered by the countries devastated by war and by enemy occupation in general—by Europe and France in particular. No recognition of this situation had been accorded in the Fund; as regards the Bank I prefer not to mention the figures involved. Just the same, France remains undaunted in her spirit and determination of complete and sincere cooperation.

"France has not confined her action to the defense of her interests, but she has always been ready to assume the entirety of her obligations."

Dr. Ludwik Grosfeld, speaking of Poland's plight and her post-war problems, issued the following statement just previous to the adjournment of the Conference:

"At the end of the Conference, the results of which have been summed up in such a clear and enlightening way by the Honorable Henry Morgenthau, Jr., Secretary of the Treasury of the United States, I wish to make a few comments, emphasizing the importance of the agreements reached at Bretton Woods, to a country, which — underdeveloped before the war—has been ravaged and ruined in the course of hostilities.

"During the short twenty-year period of Poland's independence, we have developed our economic possibilities to a certain extent, largely with our own resources, yet we have felt acutely the lack of international institutions, which might assist us in our endeavors. After the present war, which not only obliterated and destroyed the achievements of the inter-war years, but also inflicted upon our country very serious wounds in all the branches of economic life, we would feel this lack even more acutely. We are well aware of the fact that our basic cure will have to be carried out with our own resources, with our own labor, with our own persevering efforts. However, we could never hope to overcome successfully the mounting tide of difficulties, if we could not look forward to the help of the highly developed industrial countries of the world. We never doubted that this help would be forthcoming. The adoption at the Bretton Woods Conference of the projects of the International Monetary Fund and of the International Bank for Reconstruction and Development, constitutes a concrete promise of that cooperation, which the nations — ruined by the war — so greatly need and so confidently expect.

"The Conference has devoted a great deal of attention to the size of the quotas in the Fund and the ceiling on the credit operations of the Bank. It is very difficult at this time to make an exact estimate of the extent of post-war needs and to relate them to the scope of operations which our agreements provide for the Fund and for the Bank. These institutions are beyond any doubt, the manifestation of a new spirit in international relations. They establish an effective machinery for the international economic collaboration of nations; they serve the public interest of each national community, as well as that of the whole family of the United Nations.

"The realization of projects, born from that spirit, is the hope of the populations of war-torn countries. The fighting and suffering masses in the occupied countries have the right to expect that the approaching moment of their liberation will mark the beginning of a new era in human relations — an era of freedom, peace and prosperity. These hopes will be kept high by the news about the great results of the Conference."

Canadian Delegate To Bretton Woods Urges Agreements On Other Economic Problems

International Trade Obstacles, Orderly Marketing Of Staples And Reconversion Policies Among Topics Proposed To Be Considered

The Honorable L. S. St. Laurent, a delegate from the Dominion of Canada to the International Monetary and Financial Conference at Bretton Woods, proposed on July 20 in a resolution introduced at a meeting of Commission III, the group given jurisdiction over miscellaneous topics before the Conference, that to carry out the purposes of the International Monetary Fund "to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment," additional conferences be called to reach agreement as soon as possible on ways and means of accomplishing these purposes. The resolution as recommended for adoption and the text of Mr. Laurent's statement was as follows:

The resolution, which is now before this Conference, brings together a number of resolutions put forward by different countries. The reduction of barriers to trade, the mitigation of fluctuations in the prices of staple primary products and the promotion of high levels of employment are subjects which are highly relevant to the work of this Monetary and Financial Conference. Time forbids that we should here embark on the work of drafting plans through which our countries might cooperate in effective action to achieve these ends. Yet it is of the highest importance to the welfare of the world that such work should be pushed forward as early as possible. On behalf of the Canadian Delegation I welcome the resolution which is before us and the opportunity which it gives to stress the urgent need for action.

In the work of the past few weeks an important beginning has been made in the broad scheme for meeting the international economic problems which will confront the world at the end of the war. Nevertheless it is only a beginning. If plans of international monetary organization and international investment are to be fully successful, other problems—by no means less difficult or less important—will also have to be faced and solved by joint international action. It would indeed be unwise to attach too much importance to what has been planned here, if thereby we were led to neglect other problems or to rest on a misguided faith that with new forms of international monetary and investment organizations, the other problems would solve themselves. The problems of commercial policy, the instability of primary product prices, the coordination of national employment policies, must be attacked frontally and on the same wide international basis. No such monetary and investment organizations, however perfect in form, can be expected to long survive the economic distortions of high tariffs, restrictive trading arrangements or enormous fluctuations in food and raw material prices such as marked the years between the wars.

In presenting in the Canadian House of Commons the Joint Statement of Experts on the Establishment of an International Monetary Fund, and after expressing sympathy with the particular objects to which that statement was directed, the Prime Minister said that the Canadian Government "is equally anxious that common views should be reached on other parts also of a general plan of international economic cooperation, particularly on the reduction in the barriers to trade expansion, a reduction vital to Canada's welfare and necessary if conditions favorable to stable monetary arrangements are to be achieved."

The other parts of such a general plan of international economic organization are perhaps less intricate than those on which so much effective work has been done here, but they present problems even more stubborn than those which this Conference has been facing. Approached in the same spirit, with the same ingenuity, the same sense of urgency and the same willingness to work together, which have been witnessed here, these problems can be solved.

It is because we believe in the possibility of solving them through international collaboration and because we believe in the urgent need for action that the Canadian Delegation support this resolution. . . .

Commission III recommended the adoption by the full Conference of the following resolution:

Whereas, in Article I of the Articles of Agreement of the International Monetary Fund it is stated that one of the principal purposes of the Fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income in the territories of all members as primary objectives of economic policy;

Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the Agreement cannot be achieved through the instrumentality of the Fund alone;

Therefore, the United Nations Monetary and Financial Conference recommends to the participating Governments that, in addition to implementing the specific monetary and financial measures which were the subject of this Conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the Fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

(1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;

(2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;

(3) deal with the special problems of international concern which will arise from the cessation of production for war purposes; and

(4) facilitate by cooperative effort the harmonization of national policies of member States designed to promote and maintain high levels of employment and progressively rising standards of living.

Reduce Govt. Funds In Ill.-Wis. Savs. Ass'ns

In July, the Illinois and Wisconsin saving, building and loan associations reduced the amount of Government funds invested in their shares to a new low point of $3,316,600, or 11.4% of the total amount which they had received over the past nine years in the course of the Government investment program for local home financing institutions. This was pointed out on Aug. 8 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago which serves these institutions as a reserve system. He said that only 33 of the original 177 associations which had participated in the program in these two States now have any of these investments left. The arrangements contemplated a much longer time for their retirement, but the unprecedented inflow of funds from local savers and investors has made it possible for these funds to be returned to Uncle Sam far ahead of schedule.

A total of $32,709,000 was invested in these local home financing institutions by the Government to supplement their private share accounts during the recovery and reconstruction period of the 1930's, and was designed to help them meet home financing needs in their localities more adequately than the local inflow of funds would have permitted, it was explained.

NYSE, Other Exchs. To Close Saturdays Through September 2

The decision of the New York Stock Exchange to close on Saturdays Aug. 19 and 26 and Sept. 2 was made known on Aug. 17. The action, it is stated, was prompted by the effect on employees of the recent protracted heat wave. The New York Curb Exchange decided upon a similar course in closing for the three Saturdays, and others which also announced that they would follow the action of the New York Exchange include the Philadelphia, Boston, Cleveland, Chicago, Los Angeles and San Francisco Stock Exchanges.

In the New York "Times" of Aug. 18 it was stated:

The volume of business in Wall Street has been relatively large this summer and brokerage house staffs have been small. The intense heat of the last several days had prevented many from getting normal hours of sleep. Since 1933 all similar moves have been voted down, principally because of the opposition of the large wire houses, which explained that their expenses ran on, even when no business was being done. This year, however, with War Labor Board rulings preventing any extra financial recognition of the work that Exchange and brokerage house workers have been doing despite the heat and humidity, the Exchange community could do nothing for them save ease their working conditions.

Such summer holidays have been unknown since 1933. In that year there were six summer Saturday holidays. In earlier years, the three-day-week-end over Labor Day, and, when possible, over Independence Day, was usual.

Wellington To Be Partner

William S. Wellington will be admitted as of Sept. 1 to partnership in Arrowsmith, Post and Welch, 115 Broadway, New York City, members of the New York Stock Exchange.

Suggested Plan For A General International Organization

(Continued from page 789)

the maintenance of peace, and each State should be obligated to take such measures. The Assembly should have power to provide for distributing the burden which such measures may entail.

c) The Secretary General should be authorized to convoke the Council in the event of any emergency.

18. a) The Security Committee of the Council should have power to act on its own initiative in any case of an imminent menace to peace; in all other cases, the Security Committee should act only with the specific authorization of the Council or the Assembly.

b) Each State represented in the Security Committee should be obligated to take part, to the full extent of its resources, in any action taken by the Security Committee for preventing or suppressing a use of force. Other States should be obligated to refrain from interference with any action taken by the Security Committee in execution of its powers

c) The Security Committee should have power, subject to the approval of the Council, to organize the technical bodies necessary for the maintenance of peace, and to organize such regional committees as may be needed.

19. The Assembly should have power by special majority vote including the votes of the States continuously represented in the Council, to prescribe limitations with respect to the size and type of armaments to be maintained by States, and to establish agencies and methods for the supervision and control of armaments.

IV. Settlement of Disputes Between States

20. The Charter should proclaim the duty of each State to use none but pacific means in seeking to settle its disputes with other States.

21. The Permanent Court of International Justice shoud have jurisdiction over all disputes in which States are in conflict as to their respective legal rights and which are not pending before the Council, such jurisdiction to be exercised upon an application by any party to the dispute.

22. a) The Council should have power acting on its own initiative or at the request of any State, to take cognizance of any dispute between States which is not pending before the Court. If it does not succeed in bringing about a settlement of the dispute by other means, the Council should have power, by two-thirds vote including the votes of the States continuously represented, to give a decision binding on the parties to the dispute

b) The Council should be authorized to transfer a dispute to the Assembly, and the Assembly should thereupon have power by two-thirds vote including the votes of the States continuously represented in the Council, to give a decision binding on the parties to the dispute.

c) In dealing with a dispute, the Council or the Assembly should have power, by simple majority vote, to request the Permanent Court of International Justice to give an advisory opinion on any legal question connected with the dispute.

d) A State which is a party to a dispute should not have a vote on any question relating to the dispute, either in the Council or in the Assembly.

23. a) In the event of a failure by a party to a dispute to comply with a decision of the Permanent Court of International Justice or of the Council or Assembly, the Council should have power, by two-thirds vote including the votes of the States continuously represented, to take such action as it may deem to be necessary for giving effect to the decision.

b) A State should not have a vote in the Council when its failure to comply with a decision is under consideration.

V. Promotion of the General Welfare

24. a) The Charter should proclaim the duty of each State to cooperate in measures to be taken for the extension of human freedom and for the satisfaction of human needs.

b) The Assembly should have power to organize cooperation among States directed to the furtherance of these aims.

25. a) The Assembly should have power to create and maintain such special agencies, general or regional, as may be needed for promoting the general welfare, and to define the powers of these agencies.

b) The Charter should particularly envisage the need for creating or continuing special agencies to facilitate international cooperation with respect to such matters as:

1. International trade.
2. International finance and investments.
3. International transport by land, sea, and air.
4. International communications.
5. International commodity arrangements.
6. Food and agriculture.
7. Public health and nutrition.
8. Narcotics and other dangerous drugs.
9. Population and migration problems.
10. Cultural and scientific interchange.

26. The General Commission should have power, acting in accordance with policies adopted by the Assembly and subject to general control by the Assembly, to coordinate the activities of international agencies having specialized responsibilities.

27. a) The Charter should proclaim the duty of each State to treat its own population in a manner which will not violate the dictates of humanity and justice.

b) The Charter should provide that any failure by a State to live up to this obligation is a matter of concern to the community of States, and the Assembly should have power to take cognizance of it as such.

28. a) The Charter should proclaim the principle that the well-being and development of dependent peoples form a sacred trust of civilization.

b) To secure the performance of this trust, the Assembly should have power, by two-thirds vote, to recommend measures to be taken by States which have direct responsibility for dependent peoples.

c) The Assembly should have power to create permanent agencies, general and regional, which would report to the Assembly annually concerning the problems of dependent peoples.

d) The States which have direct responsibility for dependent peoples should have a duty to make periodical reports to such agencies, and to permit such local investigations as the agencies may deem to be necessary.

29. The Assembly should have power to take the measures necessary to assure the effective execution of any mandate which may be conferred upon a State by the GIO, with respect to a particular territory.

30. The Assembly should have power to assume responsibility for the administration of any territory which may be placed under the direct control of the GIO, and to create the agencies which may be needed for such administration.

VI. Agreements Between States

31. a) The Charter should provide that every agreement entered into between States after the Charter becomes operative shall be registered with the Secretariat.

b) The Charter should provide that any organ of the GIO may disregard any agreement between States which is not registered with the Secretariat in accordance with the foregoing provision.

c) The Secretariat should publish the texts of all agreements registered.

32. The Permanent Court of International Justice should have jurisdiction, on application by any party to an agreement between States which has not been fully executed, to give a declaratory judgment that because of an esential change of circumstances the agreement has ceased to be binding.

33. a) The Council should have power, by two-thirds vote and with the concurrence of the Assembly given by two-thirds vote, to advise the revision by the parties of any agreement between States which has not been fully executed, on the ground that it is not adapted to existing conditions.

b) If any party to the agreement fails to cooperate in the revision advised, the Permanent Court of International Justice should have jurisdiction, on application by any other party, to give a declaratory judgment that the agreement has become unduly onerous and has therefore ceased to be binding.

34. The Council should have power, by two-thirds vote and with the concurrence of the Assembly given by two-thirds vote, to advise the readjustment by the States concerned of any situation the continued existence of which might endanger good understanding between States.

VII. Supremacy of International Law

35. a) The Charter should proclaim the duty of each State to carry out in full good faith its obligations under international law.

b) The Charter should provide that any failure by a State to carry out its obligations under international law is a matter of concern to the community of States, and the Assembly should have power to take cognizance of the failure.

36. a) The Charter, as the basic instrument of international law, should prevail over all agreements between States.

b) The Assembly should have power by two-thirds vote, to declare that any provision in an agreement between States is inconsistent with the Charter; for this purpose it should have power, by simple majority vote, to request the Permanent Court of International Justice to give an advisory opinion.

c) Any provision in an agreement which is thus declared by the Assembly to be inconsistent with the Charter should not have legal effect.

37. a) The Assembly should have power to adopt general conventions to be submitted to States for acceptance.

b) The Assembly should also have power, by two-thirds vote including the votes of the States continuously represented in the Council, to adopt general rules of international law which shall be binding on all States.

VIII. Amendment of the Charter

38. a) The Charter should provide that amendments may be adopted by the Assembly by two-thirds vote including the votes of the States represented at the time in the Council, but that no vote on adoption may take place before one year has elapsed after the amendment was formally proposed.

b) An amendment should enter into force one year after its adoption by the Assembly, but if within that period formal objection has been expressed by as many as ten States the amendment should not enter into force unless within the following year it is again adopted by the Assembly by two-thirds vote including the votes of the States represented at the time in the Council.

SEC Amends Rule Defining "Aggregate Indebtedness" And "Net Capital"

The Securities and Exchange Commission on Aug. 11 announced the adoption of an amendment to Rule X-15C3-1 defining the terms "aggregate indebtedness" and "net capital." Rule X-15C3-1 prescribes for brokers and dealers registered with the Commission a maximum ratio of aggregate indebtedness to net capital of 2,000%. The rule was adopted on Oct. 28, 1942, under a provision suspending its effectiveness until further order the Commission. The reasons which impelled the adoption of the rule are stated in the opinion of the Commission in "National Association of Securities Dealers, Inc.," Securities Exchange Act Release No. 3322, which was published on the same day that the rule was adopted.

The Commission stated in that opinion:

> ". . . the Commission, in collaboration with various State commissioners and representatives of the securities industry, has prepared, and is about to promulgate, Rule X-17A-5 which will require that all registered brokers and dealers file with the Commission at least once a year a financial statement which in some cases must be certified by an independent accountant. The reports received under this rule will, for the first time, afford us an opportunity to study the financial condition of all registered brokers and dealers and the knowledge thus obtained should be extremely helpful if, at some future date, the Commission determines that the public interest requires change in the method of prescribing capital requirements."

From the Commission's advices, Aug. 11, we also quote:

On Nov. 23, 1942, shortly after the adoption of Rule X-15C3-1, the Commission published proposed definitions of the terms 'aggregate indebtedness' and 'net capital' for comment, and on Nov. 28, 1942, it adopted Rule X-17A-5, which required reports to be filed by brokers and dealers beginning Jan. 1, 1943. A substantial number of helpful comments on the proposed definitions was received, and since April 3, 1943, the Commission has experimentally applied a similar set of definitions to all financial statements filed under Rule X-17A-5 in order to test those definitions in actual practice. The definitions presently adopted are the result of the comments on the draft of Nov. 23, 1942, and the Commission's experience of more than a year under Rule X-17A-5 and the experimental definitions applied to the financial statements filed pursuant to that rule."

The term 'aggregate indebtedness" is defined to mean the total money liabilities of a broker or dealer, exclusive of (A) indebtedness secured by exempted securities; (B) amounts segregated in accordance with the Commodity Exchange Act, and (C) liabilities on open contractual commitments, which are defined to include such things as when-issued contracts, spot (cash) commodities contracts, etc.

The term "net capital" is defined to mean the net worth of a broker or dealer, adjusted by adding unrealized profits (or deducting unrealized losses) in his own accounts and accounts of partners and by making four prescribed deductions. The first deduction is for the amount of fixed assets and assets which cannot be readily converted into cash. The second deduction is a safety margin of 10% of the market value of securities long and short in the accounts of the broker or dealer himself and of partners. The third deduction, which applies only in the case of a broker or dealer who has open contractual commitments, is a similar safety margin of 10% of the value of each net long or short position contemplated by any such commitment in the accounts of the broker or dealer and of partners, adjusted according to the unrealized profit or loss in such commitment. Neither of these two deductions applies to exempted securities. The fourth and last deduction, which must be made only in the case of a sole proprietor, is the excess of liabilities not incurred in the course of business as a broker or dealer over assets not used in the business, but only if such excess would materially affect net worth.

The rule retains the provision, which was inserted on its adoption in 1942, exempting brokers and dealers who do not extend credit to customers and who hold the funds or securities of customers only temporarily and as an incident to the prompt consummation of cash transactions.

The Commission's experience with the financial statements filed by brokers and dealers under Rule X-17A-5, as well as its experience with the bookkeeping requirements of Rules X-17A-3 and X-17A-4, leads it to the conclusion that it would be impracticable to impose any more comprehensive requirements at this time. For the sake of simplicity the Commission has also deleted from the present definitions certain provisions which were included in the draft of Nov. 23, 1942, in order to meet various special situations. As additional experience is acquired in this field the Commission will consider appropriate amendments or additions to its rules.

The definitions go into effect on Nov. 9, 1944, which will be 90 days after their publication. The intervening period will give brokers and dealers an opportunity to apply the definitions to their own businesses and to make such readjustments as may appear necessary before the definitions become effective. The Commission will also examine during that period the rules and settled practices of each national securities exchange with a view to exempting from Rule X-15C3-1 members of any exchange whose rules or settled practices impose minimum capital requirements more comprehensive than the requirements adopted by the Commission.

Although the Commission has already had the benefit of comments on the proposed definitions of Nov. 23, 1942, it will welcome any comments which interested persons may care to make during the next 90 days upon the definitions presently adopted.

The text of the Commission's action follows:

The Securities and Exchange Commission, deeming it necessary for the exercise of the functions vested in it and necessary and appropriate in the public interest and for the protection of investors so to do, pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Sections 15 (c) and 23 (a) thereof, hereby amends Rule X-15C3-1 to read as follows:

Rule X-15C3-1—Ratio of Aggregate Indebtedness to Net Capital.

(a) **General Provision**—No broker or dealer shall permit his aggregate indebtedness to all other persons to exceed 2,000% of his net capital.

(b) **Exemptions**—The provisions of this rule shall not apply to any broker or dealer who (1) does not extend credit to any person to whom he sells or for whom he purchases any securities, and (2) does not carry money or securities for the account of customers or owe money or securities to customers, except as an incident to transactions with or for customers which are promptly consummated by payment or delivery; *provided,* That credit shall not be deemed to be extended by reason of a bona fide delayed delivery of any such security against full payment of the entire purchase price thereof upon such delivery within 35 days after such purchase.

(c) **Definitions**—For the purpose of this rule—

(1) The term "aggregate indebtedness" shall be deemed to mean the total money liabilities of a broker or dealer arising in connection with any transaction whatsoever, including, among other things, money borrowed, money payable against securities loaned and securities "failed to receive," customers' free credit balances, credit balances in customers' accounts having short positions in securities, and equities in customers' commodities futures accounts, but excluding:

(A) Indebtedness secured by exempted securities;

(B) Amounts aggregated in accordance with the provisions of the Commodity Exchange Act and the rules and regulations thereunder; and

(C) Liabilities on open contractual commitments;

(2) The term "net capital" shall be deemed to mean the net worth of a broker or dealer (that is, the excess of total assets over total liabilities), adjusted by

(A) Adding unrealized profits (or deducting unrealized losses) in the accounts of the broker or dealer and, if such broker or dealer is a partnership, adding equities (or deducting deficits) in accounts of partners;

(B) Deducting fixed assets and assets which cannot be readily converted into cash, including, among other things, real estate, less any indebtedness secured thereby; furniture and fixtures; exchange memberships; prepaid rent, insurance and expenses; goodwill; organization expenses; unsecured advances and loans to partners, officers, directors, employees, and salesmen; customers' unsecured notes and accounts; and deficits in customers' accounts, except in bona fide cash accounts within the meaning of Section 4 (c) of Regulation T of the Board of Governors of the Federal Reserve System;

(C) Deducting 10% of the market value of securities, long and short (except exempted securities) in the capital, proprietary and other accounts of the broker or dealer and, if such broker or dealer is a partnership, in accounts of partners;

(D) Deducting, in the case of a broker or dealer who has open contractual commitments, 10% of the value (which shall be the market value whenever there is a market) of each net long and each net short position contemplated by any existing contractual commitment in the capital, proprietary and other accounts of the broker or dealer and, if such broker or dealer is a partnership, in accounts of partners, except as to exempted securities, and except that the deduction with respect to any individual commitment shall be reduced by the unrealized profit (or increased by the unrealized loss) in such commitment; and

(E) Deducting, in the case of a broker or dealer who is a sole proprietor, the excess of (i) liabilities which have not been incurred in the course of business as a broker or dealer over (ii) assets not used in the business, but only if such excess would materially affect net worth;

(3) The term "exempted securities shall mean those securities specifically defined as exempted securities in Section 3 (a) (12) of the Securities Exchange Act of 1934;

(4) The term "partner," where the broker or dealer is a partnership, shall mean only a partner who has agreed in writing that the equity in any accounts he may maintain with such partnership shall be included as partnership property;

(5) The term "contractual commitments" shall include underwriting, when-issued and delayed delivery contracts, endorsements of puts and calls, commitments in foreign currencies, and spot (cash) commodities contracts, but shall not include uncleared regular way purchases and sales of securities and contracts in commodities futures; a series of contracts of purchase or sale of the same security conditioned, if at all, only upon issuance may be treated as an individual commitment; and

(6) The term "customer" shall include every person except a partner as here defined.

The amendment to the foregoing rule shall become effective Nov. 9, 1944.

Post-War Tax Planning

(Continued from page 779)

and professional men in St. Paul and Minneapolis. The main object of the plan is the encouragement of venture capital and the stimulation of production to achieve the goal of full employment. It estimates an annual Federal budget of $18 billions, and anticipates a post-war national income of $120 billions based on 1942 prices.

The plan proposes to repeal the excess profits tax, the capital stock tax, the declared value excess profits tax, the 2% penalty imposed for filing consolidated corporate returns, and the provision requiring corporations to include in gross income 15% of the dividends received from domestic corporations.

It would permit net operating loss deductions to be carried forward for each of the five succeeding taxable years; for the two taxable years following repeal of the excess profits tax it would permit net operating losses to be carried back for each of the two preceding years or forward, at the option of the taxpayer. Unused excess profits credits would be used just as though the law were in effect, permitting such credit to be carried back for the two preceding taxable years.

Double taxation of corporation dividends would be eliminated to a great extent. Forty per cent of the dividends received by individuals from domestic corporations would be excluded from gross income.

Changes are recommended in the present "capital gains" provisions of the Internal Revenue Act, providing that losses be allowed on the same basis as that on which gains are taxed, with the rate reduced for both individuals and corporations, gains and losses being reported 100% for corporations and 50% for other taxpayers. Capital gains would be defined as provided by the Revenue Act of 1942, except that assets held for six months or less would not be classified as capital assets.

The plan proposes a retail sales tax of 5%, with no exemptions.

With the sales tax adopted, personal individual income tax exemptions would be raised to $600 for single persons, $1,400 for married persons and heads of families, and $400 for each dependent. The normal individual income tax rate would be 10%, with surtaxes ranging from 6% to 50%, the first $2,000 of surtax net income exempt.

Corporations with net incomes of less than $50,000 would pay normal rate of 15% on the first $5,000, 17% on the next $15,000, 19% on the next $5,000 and 31% on the next $25,000, plus 10% surtax on the first $25,000 and 22% on the next $25,000, or a total tax of less than 40%. For corporations with net income over $50,000 the normal rate would be 24% and the surtax rate 16%.

No specific provision is made for retirement of the national debt, which would not be considered until the national income is above the full employment levels, when surplus would be used to reduce the debt.

The $18 billion Federal budget would be met under the plan by the following receipts:

Miscellaneous revenues	$300,000,000
Customs	400,000,000
Estate and gift taxes	500,000,000
Excise taxes	4,000,000,000
Corporation income tax	5,000,000,000
Individual income tax	5,000,000,000
Sales tax of 5%	2,800,000,000
Total	$18,000,000,000

National Planning Association Plan

Entirely different and almost diametrically opposed to the Twin Cities Plan in some respects is the post-war tax program sponsored by the National Planning Association, a private organization of business, labor and government representatives. This plan, which also contemplates a Federal budget of $18 billions, but with an assumed national income of $140,000 billions at 1943 prices, was announced on July 24. It was prepared by Beardsley Ruml, Chairman of the Board of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co., and H. Christian Sonne, President of the chemical firm of Amsinck, Sonne & Co. of New York.

The outstanding feature of this plan is the abolition of all corporation taxes except a 5% franchise levy, a graduated progressive individual income tax being the chief source of Government revenue. The authors contend that taxing the income of corporations tends to hold down wages, raise the cost of goods and services, limit the yield on risk-bearing investment, and impose double taxation on dividend income without regard to progressive rates. Business judgment as to what is economically sound in terms of expenditure, pricing, capital transactions and the like is distorted, they say, by tax considerations, and the higher the Federal tax the greater the distortion.

This plan advocates that individual income taxes should start with a 16% normal rate, plus surtaxes beginning with 1% on the first $2,000 of taxable income and graduating upward to 50% on net incomes of $250,000 or over, exemptions being the same as at present.

No sales tax would be imposed, and excises would be retained only on tobacco and liquor and perhaps on gasoline. The capital gains tax would be kept for the time being, and future issues of Federal, State and municipal bonds would not be tax-exempt. The authors also recommend that the Securities and Exchange Act be modified to facilitate issues and to reduce the disproportionate costs of smaller transactions.

Under this program the Federal receipts would be as follows:

Tariff and miscellaneous	$500,000,000
Estate and gift taxes	500,000,000
Excise taxes	3,000,000,000
Corporate franchise tax	1,000,000,000
Individual income tax	13,000,000,000
Total	$18,000,000,000

The Ruml-Sonne plan would raise 72% of the budget by individual income taxes and 5½% by corporate franchise tax, compared with 27% each by corporation and individual income taxes in the Twin Cities plan.

In suggesting the small franchise tax of 5% to represent the value of doing business in corporate form, Messrs. Ruml and Sonne point out the important fact that measures would have to be adopted also to prevent the use of the corporate form as a device to avoid payment of individual income taxes or to secure tax advantages over partnerships and unincorporated businesses.

Reduction of the National Debt

Like the Twin Cities plan, the National Planning Association's program makes no provision for Federal debt retirement, which it foresees occurring in periods of over-expansion of private business activity. Apparently both plans reflect the belief that retirement can come in easy stages through the employment of surpluses developing in the Federal Treasury. This aspect alone is likely to invite opposition from both the Treasury Department and Congress. Prevailing sentiment of House and Senate tax leaders indicates that some definite debt reduction will be included in whatever post-war fiscal program is adopted by Congress.

Proposed 25% Federal Tax Limit

"Investment Timing" in its issue of March 16 last discussed various possible post-war tax reforms which appear in the Twin Cities and National Planning programs except for the proposed amendment to the Constitution limiting to 25% Federal income taxes on both individuals and corporations and taxes on inheritances and gifts (except in times of war). The movement supporting this proposed amendment has been making progress, 17 States having approved the plan with only 15 States now needed to bring it before Congress.

The Treasury Department has strongly opposed this proposal, citing objections such as: the plan would increase the tax burdens on lower incomes and also excise levies; destroy any surplus applicable to reduction of the national debt, and unwisely freeze a specific figure into constitutional law.

The proponents of the plan maintain that there is nothing in their tax principle that would prevent the balancing of a proper Federal budget.

Our Own View

We welcome the receptive attitude of Congress towards tax revision and plans such as the Twin Cities and the National Planning Association which, while unlikely to be adopted in present form, contain much that is constructive. They promise to contribute to a foundation upon which to build a practicable revenue structure that would represent business as well as the Government, although we think Congress is unlikely to repeal the corporation income tax and leave individuals subject to present tax rates or even higher ones.

We are in hearty agreement as to repeal of the excess profits tax, the capital stock tax, and the other taxes cited in the Twin Cities plan.

We favor complete elimination of double taxation of corporation dividends and the capital gains tax; adoption of a retail sales tax and of the proposed 25% limitation by constitutional amendment.

While in the first post-war year we do not expect a national income higher than $95-$100 billions, based on then prevailing prices, we agree with the Twin Cities plan that a $120 billion income is a reasonable base for subsequent years. Assuming the tax reforms we advocate to be in effect, our estimate of the Federal receipts would be as follows:

Tariff and miscellaneous	$700,000,000
Estate and gift taxes	500,000,000
Excise taxes	4,000,000,000
Corporation income tax	5,000,000,000
Individual income tax	4,700,000,000
Sales tax of 2%	1,100,000,000
Total	$16,000,000,000

Our budget of $16 billions is predicated on a reduction in military and naval expenditures and genuine Government economy, and is more than twice the 1938 figure of $7.3 billions.

Allowance has not been made in the above figures for the effect (estimated to lower the receipts from corporation and individual income taxes by $1 billion each) of the 25% Federal tax limitation because, involving the passage of a constitutional amendment, it is hardly likely to become operative in the foreseeable future.

Tax Reductions by Three Plans

Based on the Budget Director's July, 1944, figures of $18.9 billions from individual income taxes and $16.5 billions from corporation income taxes, a general estimate of the comparative effect of the proposed tax reductions follows:

	*	†
National Planning Association	31%	94%
Twin Cities	73	70
National Securities & Research Corp.	75	70

*Individual Income Taxes (estimated reduction from Budget).

†Corporation Income Taxes (estimated reduction from Budget).

Conclusion

To enable full employment in the post-war era and the necessary stimulation of venture capital into private industry, thorough revision of the existing tax structure is required. Encouraging signs are the receptive attitude of Congress and the constructive suggestions being made by business and Government tax experts. Not only is intelligent removal of oppressive taxation on business essential for post-war prosperity but in our view it is equally important to adopt without delay a sound program to be made effective as soon as hostilities cease. — From "Investment Timing," issued by the Economics & Investment Dept. of the National Securities & Research Corp.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

"The Meaning Of Bretton Woods"

(Continued from page 779)

reached by the 44 participating nations, was the spirit in which men from many different lands approached a problem which they knew they could solve only through cooperative action. They know from the tragic experience of the two decades which followed the last world war that if their countries tried again to achieve economic security through separate national action, they would achieve in the end only economic chaos and economic aggression. And they knew that these lead inevitably down the road to war. The alternative to economic cooperation is economic warfare, and economic warfare is but the initial phase of armed conflict.

"They met, therefore, determined to uproot at least this particular cause of the frightful tragedy through which the world is now passing. They met with faith in one another's good will and with faith in their common capacity to solve a common problem. They met determined to find a solution, and although the solution was not easy, they found it. This is a hopeful augury, I think, for the important security conference which opened today at Dumbarton Oaks here in Washington. Men have learned at last that the hopes they share can best be realized by a joining of their hands.

"At Bretton Woods we agreed upon two instrumentalities to help one another toward a secure and stable economic world: an International Monetary Fund and an International Bank for Reconstruction and Development. Some of the American delegates to the conference are here tonight. I think it would be helpful if they were to give you their impressions of what was accomplished."

Mr. Granik: "Now, Dr. White, one of the things that I have discovered about the Bretton Woods conference is that very few people understand either the Fund or the Bank. They feel that the agreements are written in such technical language that the ordinary man in the street can't understand them. Now I would like you in a few words to describe the Monetary Fund."

The Fund Explained

Dr. White: "Well, stripped of its technicalities, the Fund is an international organization set up to achieve new high levels of world trade. These we must have if we are going to have full employment after the war. Now, the Fund helps to bring this about by doing three things: First, it will help an orderly adjustment of exchange rates immediately after the war and provide for stability of exchange rates thereafter, so that exporters and importers will be able to buy and sell without running the serious danger of large losses from unanticipated exchange fluctuations. Secondly, the Fund will prevent competitive exchange depreciation which does so much to disrupt trade and eventually helps to bring about depression. Thirdly, it will prevent and seriously cut down those exchange discriminations and controls which serve to stifle trade and foreign investment."

Senator Tobey: "In other words, Mr. White: I have just another word I would like to add. In order to bring these three things about, the Fund necessarily has to have some pretty large resources and pretty broad powers, and the Fund is equipped with those resources and those powers. In a nutshell, then Harry, the Fund provides international machinery for stabilizing the values of foreign currency and for playing the financial game fairly in the field of foreign trade and commerce. If the countries which are fulfilling these obligations get into trouble, the Fund stands ready to make its resources available to help them over this crisis."

Mr. White: "Yes, it has, as I said, very large resources amounting to almost nine billion dollars for the purpose of helping those countries adjust their trade in an orderly manner."

Senator Tobey: "And there will be no more resorting to sharp practices such as depreciating currencies, imposing restrictions on the payment of goods they have bought from other countries, and all the other tricks which Nazi Germany played upon the world. Is that right?"

Dr. White: "Yes it was precisely those practices which contributed so much to the depression of the Thirties and eventually led to the war."

The Bank Explained

Mr. Granik: "Dr. White, I think the public is just as foggy about the Bank as they are about the Fund. I would like to hear a similar explanation of the International Bank for Reconstruction and Development."

Dr. White: "Why don't you take the Bank, Dean? That's your bailiwick."

Mr. Acheson: "I think the Bank is a much simpler Institution than the Fund and it ought to be an institution which every American can understand. Every American has a bank in his own town and he understands how it works. The primary purpose of the Bank is to make capital available from those countries which have capital to countries which want to borrow for purposes of reconstruction and development. Now, in order to do this, each country subscribes to shares in the Bank, just as every stockholder subscribes to shares in a company or bank in our own towns in this country. Part of that subscription is paid in so that you have cash available for operation. The greater part of it, however, is not paid in. The greater part of it is a guarantee to make good losses in case the Bank incurs losses. In that way the Bank is equipped with capital. Now, one of the most important things about the operation of this Bank is that the Bank does not compete with private investment. The Bank will guarantee loans which private investment companies make."

Mr. Brown: "Dean, don't you think you ought to point out that the Bank loans money or guarantees money only for the purpose of providing for an exchange needed in connection with a reconstruction or development project?"

Mr. Acheson: "That is quite right."

Mr. Brown: "It requires, does it not, that the local expenses for labor and local materials be raised by the country in which the project is located, without recourse to the Bank?"

Senator Tobey: "And amplifying what Dean Acheson and Ned Brown have just said, I would add that loans in which the Bank is interested would be only for the purpose of rebuilding industries, public utilities, and so forth in war devasted countries, and developing natural resources and industries in under-developed countries. Is that correct?

The Exporter's Angle

Dr. White: "Ned, I think it is but, Ned, I think you would be interested in the conference that I had with a couple of representatives of one of our largest producers in this country of heavy export goods. They wanted to know precisely that question; they wanted to know if the Bank made large loans, what assurance was there that they wouldn't spend those loans in their own countries on local services and local products, and I pointed to the provision in the Bank which provided precisely for the point you made. In other words, that the funds, which would be provided in the form of foreign exchange, are for the purpose chiefly of purchasing imports."

Mr. Granik: "Dr. White, just what is the relationship between the Fund and the Bank?"

Dr. White: "Well, they are two very separate institutions. They are, of course, interdependent institutions in the sense that the proper functioning of one would help in the proper functioning of the other. But the Bank is designed, as Dean says, to provide long-term capital for reconstruction and development, and the Fund, of course, merely provides for stable exchanges and for orderly conduct of international trade."

Mr. Acheson: "Well, Harry, one of the things that I hear people saying is that if you have the Bank you don't need the Fund, and if you have the Fund you don't need the Bank. Now, it seems to me that the exact opposite of that is true."

Dr. White: "I should think so. I should think that they both are needed to supplement each other. They both perform very essential functions on different aspects of trade and capital."

Mr. Brown: "It is very evident, it seems to me, that the Bank, by providing funds to pay for capital imports such as machinery of a country which wants the machinery in connection with a new project, makes it much easier for that country to maintain its normal balance of trade and pay for its current imports."

Dr. White: "Yes, I think there is that connection between them in addition to the other one."

Mr. Brown: "It certainly reduces the temptation of the pressure on a country to use the Fund for purposes other than maintaining the value of its currency in purely normal exchange transactions."

Mr. Granik: "It is said the Fund will be given certain powers to bring about changes in trade policies and that we may be forced by the Fund to lower our tariffs. Senator Tobey, what do you think of this?"

Senator Tobey: "I would say that the Fund has nothing to do with the tariff policy. The question of shaping the tariff policy is exclusively a matter for Congess to determine. The Fund makes no provision and no reference to questions of tariff policy."

Dr. White: "Wouldn't you say, none the less, Senator, that an appropriate tariff control would help in the proper functioning of the Fund as well as the Bank?"

Senator Tobey: "I certainly should, and I might add here that we Republicans, and Democrats as well, must learn the fundamental lesson that if nations are going to buy from us, we must be willing to take their goods in return in payment."

Dr. White: "In other words, then, neither the Fund nor the Bank is a substitute for a proper commercial policy."

Senator Tobey: "That is correct."

Mr. Acheson: "They are all part of one much larger policy. Wouldn't you say that is true?"

Dr. White: "Yes, I think that it is important to emphasize both those points, that a proper commercial policy will help very greatly in the proper functioning of the Fund and the Bank and the proper utilization of the Fund and the Bank will make more easy an appropriate commercial policy."

Not A WPA

Mr. Granik: "Secretary Morgenthau, one newspaper writer has called the Bretton Woods plan an international WPA. How do you feel about that? Did you find that the foreign countries were motivated by what they thought they could get out of the United States through the Fund or the Bank, or did you find a spirit of real cooperation evident?"

Secretary Morgenthau: "The Fund has nothing to do with either relief or rehabilitation. These are the responsibility of UNRRA. The Bank is intended to finance sound and productive reconstruction projects. They are no more WPA projects than are the loans of any private bank. They will help self-respecting peoples to get back on their feet economically and thus to buy the goods which we produce. As to the spirit which motivated the representatives of these peoples at Bretton Woods, I think I shall ask Senator Tobey to give you his reactions."

Exhaustion of Dollars

Mr. Granik: "Mr. Brown, there has been a lot of talk that the United States dollars in the Fund will become exhausted and then the Fund will break down."

Mr. Brown: "I don't think there is very much to that. In the first place, not all the countries in the Fund are going to use its credit facilities. Certainly a great number of countries, such as South America, even countries like France and Holland, which have been invaded, have got large gold and foreign exchange resources, and they are going to use those up first; they are going to keep their ability to borrow from the Fund or have recourse to it as an ace in the hole. And they don't really expect to use it in the near future."

Dr. White: "Even if they do, that is precisely what the Fund is for; if they should find themselves up against an unanticipated emergency in which they have to draw upon the Fund, that is exactly what the Fund is there for."

Mr. Brown: "Exactly. It seems to me it is like a reserve account or a line of credit with a bank, something which even if you don't use you are glad to know it is there."

Mr. Granik: "Cannot these safeguards be removed or waived? What obligation is there for the United States to replenish dollars?"

Mr. Brown: "In the first place, the country can only draw 25% of its quota in any one year. In the next place, there are various provisions in the Fund which require a country whose balance of payment position improves and which gets more gold and foreign exchange to pay it back into the Fund. With all those considerations, I don't think the dollars are going to run out if we maintain a proper trade policy."

Mr. Acheson: "That is what it all gets back to, Ned, what Senator Tobey was saying a few moments ago, that we have got to have a realization that if we want to sell we have got to buy, and that you cannot have over a long period of time a complete disequilibrium of the income and outgo of a country any more than of an individual."

Mr. Brown: "I think that is absolutely correct. You can take gold for a while but the gold gives out, and you can loan money for a while but you get tired of doing that, and ultimately if you sell you have got to receive payment, and you can only receive payment in goods, but even if we should maintain a policy of restricting imports and encouraging exports, we would have done a great deal to build up the world, and while we might have our money frozen for a time in the Fund, I don't belive that, with the safeguards, we could lose any considerable portion of it, although there might be some delay in getting it out."

Altruism or Self-Interest?

Senator Tobey: "Well, Ned, a recent critic of the Fund came out and charged us with an adventure in world altruism. I rather accept that challenge. I think this old world of ours could stand a dose of altruism in place of the world-wide cynicism that has prevailed so often in past years."

Mr. Granik: "On that topic, Mr. Secretary, we have heard it said that if the United States joins the Fund and Bank we will be throwing our money away. How about it?"

Secretary Morgenthau: "To date this war has cost the American people over 200 billion dollars. In order to set up the Bank and the Fund, this country is asked to invest six billion dollars, which is less than the war costs us each month. Moreover, there is no reason to believe that we shall lose this investment. Every possible precaution was taken at Bretton Woods to protect both institutions against loss and to insure them against abuse. The investment should be returned to us many times over in a revival of trade. The Bank and the Fund will help preserve the peace for years to come, and for that reason alone they are well worth our investment in them."

Senator Tobey: "Well, Mr. Secretary, I concur (and it bears reiteration) that we are putting in a total investment or subscription into the Fund and Bank of six billion dollars for world peace and prosperity, but over and against that we are putting out in war expenditures each month seven billion dollars for death and destruction."

Dr. White: "Well, Senator, you speak of spending money on war. I think it needs to be emphasized that this is an investment and not an expenditure. The six billion that you put in here you will get back, and with interest."

Mr. Acheson: "That is the point that I wanted to emphasize, too, the one that Harry just brought out. It seems to me a very strange criticism to come from Americans that foreign investment is throwing money away, or, as I have heard some people say, throwing money down a rat-hole. If any country in the world has ever benefited from foreign investment it has been the United States of America, and I think that the investors have benefited too, and what both of these plans mean is that the same benefits which have been extended to this country in the past are going to be extended to other countries in the future."

Dr. White: "Not only are the benefits going to be extended to other countries, but quite obviously our own exporters and manufacturers and our labor are going to benefit by such extension of credit. This is not an organization that is set up to benefit other countries, but rather ourselves as well."

Mr. Acheson: "I suppose every transaction in which you loan money and borrow money is carried out for the profit of both the lender and the borrower, otherwise it wouldn't take place."

Dr. White: "That is right."

The War Debts and Lend Lease

Mr. Granik: "Speaking of investments abroad, Mr. Brown, since the Bretton Woods conference I have had a number of business and banking leaders ask me how the proposed Fund and Bank will affect existing investments abroad. And also the war debts and Lend-Lease."

Mr. Brown: "Well, directly it will not affect them because neither the Fund nor the Bank is set up for the purpose of taking care of past debts, whether private or inter-governmental. The Fund is set up for the purpose of insuring that payments on the current account will be met promptly, and the Bank is set up to encourage the investment of new capital and to provide that that new capital will be repaid, but both, by promoting the trade, prosperity and the production of export goods by the country concerned, will make for a situation in which it ought to be possible for countries to much more readily pick up and catch up on old and defaulted debts."

Dr. White: "In other words, Ned, that even though the Bank and the Fund are designed to increase trade in the future, and to increase the flow of foreign investments in the future, it is fair to say that with the increased prosperity that comes from that, many countries will be able to resume servicing some of the debts they are partially or wholly in default on."

Mr. Brown: "I think that is unquestionably so. I have never known of a country which hasn't wanted to pay its indebtedness if it could."

Senator Tobey: "Ned, not the least of the results of the Bretton Woods conference was the fact that we produced unity among the different delegates from the different nations. Now, in my judgment (I think you will concur) that constitutes a goodwill account which will be a very real asset in international banking. Isn't that your view?"

Dr. White: "I don't know how you feel about that, Ned, but I think it is even more than that. One of the provisions in the Fund calls for a reduction in the exchange control on the withdrawal of profits that are earned by corporations that either have investments abroad or that own plants abroad, and one of the consequences of the adoption of the Fund will be that those corporations cannot only be assured that they will be able to withdraw the profits that they earned, but they will have the further assurance that any additional investment that they place there they will be able to withdraw when desired."

Mr. Acheson: "In other words, both the Bank and the Fund are looking to the future. They are not picking up and trying to liquidate old debts. They are trying to increase the flow of business in the future, and as you increase that flow and as there is more trade and more prosperity, then the chances of paying off old debts increase. But the thing to do is to keep your eye on the future and not on the past."

Dr. White: "Yes, none of the resources of either the Fund or the Bank are going to be used to bail out bondholders who may have bonds in default."

Banker Criticism

Mr. Granik: "I would like to come back to Mr. Brown. Some of the criticism of the Fund and the Bank has come from bankers. Some are wondering whether they may be because the Fund and Bank would compete with the banker or take business away. Would that be the case?"

Mr. Brown: "I don't think so at all. In the first place, I want to negative the idea that all bankers are opposed to the Fund and the Bank. A great many bankers are in favor of both."

Mr. Granik: "How about your own bank?"

Mr. Brown: "Well, I am certainly in favor of it, and I think that anything which increases the volume of our export business is bound to increase the profits of banks. It isn't so much the mere handling of foreign exchange, although there will be more of that than before and more of it handled through banks, but a higher level of prosperity in this country means more loans for the banks, more deposits, more transactions, more business, and more profit."

Mr. Acheson: "I was just going to add to what Mr. Brown said, that of course he is much closer to business men than we are in the State Department, but we have people coming in all the time who are asking what the possibilities are of trade, what the policy is in the future toward trade abroad, and this seems to me to be one of the great answers."

Dr. White: "Well, not only do business men feel that way, but speaking of the bankers, they are displaying a far greater interest in both proposals. They are forming committees to study the proposals. They have asked for conferences with us to have us explain some of the details of the Bank, and they are giving every evidence of having a sincere and intense interest in the Bank, not merely because they may have greater profits, because as Ned Brown says, they are interested in helping to achieve international prosperity."

Senator Tobey: "As a matter of fact, Harry, going back to the epoch of the Conference itself a month ago at Bretton Woods in New Hampshire, the New York Herald-Tribune financial writer sounded a warning note to all the banking interests of the country, who were at that time without full knowledge of the subject, criticising it in general, and he said it might be wise to go a little slow on the criticism of the Conference and its results until we know something more about it. It is my honest opinion that when the banks and investment houses of this country get the full import of what we did at Bretton Woods they will be wholeheartedly for it."

Dr. White: "There is no question of that, because basically both the Fund and the Bank mean more business and more jobs."

Export-Import Bank Enlargement

Mr. Granik: "Some of the Congressional critics of the Bank have argued that since the United States is going to be the principal country in a position to furnish the goods for reconstruction in the early post-war years, and since this means that the United States dollar will have to be furnished to buy these goods, there is no point to having an International Bank with a lot of countries deciding when we loan dollars. Why not enlarge the Export-Import Bank so that it can make loans for reconstruction and development and run it ourselves?"

Dr. White: "I think we should. We should enlarge the Export-Import Bank because it performs a very necessary function in financing exporters and other certain projects on a short-time basis, but the people who make that criticism completely misunderstand the nature of the Bank. The function of this Bank is to provide long-term investment, and what is more important, to do so without having the entire risk fall on the American taxpayer."

(Editor's Note—Official texts of both the Monetary Fund and International Bank agreements, also the final act of the Bretton Woods Conference, appeared in the "Chronicle" of July 27, 1944, starting on page 388.)

Attractive Situations

Panama Coca-Cola, and Piper Aircraft common and preferred offer attractive situations, according to memoranda just issued by Hoit, Rose & Troster, 74 Trinity Place, New York City. Copies of these interesting circulars may be had upon request from Hoit, Rose & Troster.

Lime and Alkali Look Good

Diamond Alkali Co. and Kelley Island Lime and Transport Co. offer attractive situations, according to detailed memoranda issued by Wm. J. Mericka & Co., Inc., Union Commerce Building, Cleveland, and 29 Broadway, New York City. Copies of these interesting studies may be had from the firm upon request.

French Commissioner Of Finance Reports On Bretton Woods Conference

Predicting rapid recovery of financial security and stability for France as soon as liberation is accomplished, Pierre Mendes-France, Commissioner of Finance for the Provisional Government of the French Republic, emphasized the place of France in the two financial bodies established by the United Nations Monetary and Financial Conference at Bretton Woods; a permanent seat on the International Monetary Stabilization Fund and in the International Bank for Reconstruction and Development.

In a press conference following his return to Algiers, Mr. Mendes-France, who headed the French delegation to the Conference, declared that, in his opinion, Europe, and especially France, were not allotted financial responsibilities corresponding to their financial importance, their commercial capacity, and their foreign trade. He also spoke of the inadequacy of credits planned for reconstruction of the devastated countries.

In conclusion, Mr. Mendes-France told of complete understanding among the delegates of the United States, Great Britain, and the USSR, "an understanding which will permit France soon to regain the place which she formerly held in the world."

Stock Exchange Warns Members Against Unverified Rumors

In calling the attention of members of the New York Stock Exchange to indications recently of "the circulation of an unusual number of unverified rumors and reports," President Emil Schram and Chairman of the Board of Governors John A. Coleman stated that "we are not apprehensive that our members, member firms and their associates will consciously permit their facilities to be used in such a way as to violate principles expressed in the Exchange's own rules, as well as in the Securities Laws, which," they state, "are opposed to the use of manipulative, deceptive or other fraudulent devices for the purpose of influencing unfairly the market price of any security." The heads of the Exchange point out that "the danger which we fear most is that such abuse may be made possible, unwittingly. The preventive is ceaseless vigilance. This means that there must be the most careful scrutiny and supervision of orders flowing through the offices of our members and member firms."

The following are the advices addressed on Aug. 17 to members and allied members of the Exchange:

"There have been indications recently of the circulation of an unusual number of unverified rumors and reports. Whether or not the purpose is to excite speculative interest in, or to influence the prices of certain securities, the effect is often the same. This presents a problem with which the Exchange is seriously concerned.

"Although reports and rumors of this character apparently originate from sources over which the Exchange has no authority, the fact remains that they are disturbing and could have far-reaching consequences, so far as the Exchange is concerned. It is apparent already that, largely as a result of the circulation of such reports, there is a growing pubilc suspicion that manipulative practices are again coming into play. Members of our community, as well as persons not engaged in the securities business but who are interested in its welfare, have expressed their concern over these developments.

"The incitement of speculation by various well-known methods of enticement belongs to a bygone day. The principles expressed in the Exchange's own rules, as well as in the securities laws, are opposed to the use of manipulative, deceptive or other fraudulent devices for the purpose of influencing unfairly the market price of any security.

"We are not apprehensive that our members, member firms and their associates will consciously permit their facilities to be used in such a way as to violate these principles. The danger which we fear most is that such abuse may be made possible, unwittingly. The preventive is ceaseless vigilance. This means that there must be the most careful scrutiny and supervision of orders flowing through the offices of our members and member firms. It means that unsubstantiated reports of any character must not be repeated by those who represent our firms in their relations with the public. It means use of the greatest discretion in the literature issued by our firms to the public. It means that the well-established principle of truthful disclosure of facts, as the basis upon which security values should be judged must always be kept in mind as the essence of Exchange policy.

"As you know, we have rules which prohibit members and member firms from giving currency, in any manner, to rumors of a sensational character. These rules also require members and member firms, and partners thereof, to report to the Exchange any information which comes to their notice as to the circulation of such rumors. Apart from all rules, however, enlightened self-interest dictates an alert sense of responsibility in meeting such a situation as we are now drawing to your attention.

"Your Board of Governors is determined, insofar as it lies within its power, to protect the reputation of the Stock Exchange and to preserve the progress which already has been made in the improvement of its public position. It is upon this ground that we are writing to you. We know that, as in all matters affecting the welfare of the Exchange, we may, as usual, count upon your fullest cooperation."

U. S. Halts Shipment Of Gold To Argentina

It became known on Aug. 16 that the United States has halted the shipment to Argentina of $2,000,000 gold owned by the South American nation. The International News Service, in advices from Washington on that date published in the New York "Journal American," stated:

The gold was to have been transferred to Argentina from New Orleans.

The Government's action deprived Argentina of the free use of her own gold, but officials pointed out that this action did not constitute a "freeze" of her assets, such as has been invoked against enemy nations. The Argentina gold may still be used for operations within the U. S.

Noting that the action, under the jurisdiction of the Trading With the Enemy Act of 1917, was disclosed unofficially, the New York "Herald Tribune" reported the following from its Washington bureau on Aug. 16:

While definite confirmation of the action was obtained from a State Department official, there was no announcement or explanation of the move. Officially, the State Department said that the freezing of the gold was a Treasury Department matter, and the Treasury Department had no comment, saying it was a State Department matter since it involved foreign relations.

Forced to go behind the scenes in the lack of any clarification, correspondents learned that the step was initiated by the State Department, although it was carried out by the Foreign Funds Control Division of the Treasury. As nearly as could be determined, the situation is as follows:

Argentina, seeking to improve its dollar-exchange credits at the high United States gold-buying rate, had deposited well over $30,000,000 in gold with the Federal Reserve. Several months ago, according to one official, Argentina evidently "began to smell a rat" in relations with the United States, and undertook to begin withdrawal of the gold.

At this point, withdrawals were begun at the rate of approximately $2,000,000 a month—the maximum allowed under war-time funds control regulations. The withdrawals were made through the New Orleans Federal Reserve Bank, and amounted to $20,000,000 to $30,000,000 when the Foreign Funds Control Division of the Treasury stepped in.

One official said that the step probably is a forerunner of other economic moves against Argentina which had been hinted at by the State Department but remain undisclosed.

Among those considered likely is cancellation of the Argentine meat contract with the Allies, which would cut off a principal export market for the country's principal product. The question of revocation of the British newsprint navicert for Argentina, which would cut off much of the Argentine paper supply, also is under study. The navicert had been granted on assurances that the paper would not go to Argentina's pro-Axis newspapers, but this restriction evidently has been evaded.

A United Press account from Buenos Aires, Aug. 16, appearing in the "Herald Tribune" had the following to say:

Finance Minister Cesar Ameghino disclosed tonight that Argentine gold stocks and foreign exchange in the United States totaled 1,718,000,000 pesos ($429,500,000). Two hundred and eighteen million pesos ($53,250,000) worth of gold was transferred to Argentina recently.

Mr. Ameghino said that the Argentine Government still lacked official confirmation of the order, but the action "could not be considered as a grave one."

"The order does not alter the free use of our gold stocks and foreign exchange," he said. "It simply prohibits the exportation of our gold, placing Argentina in a position similar to the one in which (Argentina) finds itself with respect to Great Britain."

The Minister pointed out, however, that Argentine funds in England had been frozen by "voluntary agreement."

From the New York "Times" we take the following from Buenos Aires, Aug. 18:

"Another shipment of gold reached the port of Buenos Aires at noon today. It was composed of 11 small barrels containing over a ton of gold, having a reputed value of $1,237,889.

This presumably will be the last shipment until the United States Treasury Department ban is lifted."

In our issue of Aug. 3, page 515, reference was made to the recall by the Argentine Government of its Ambassador to Washington, Adrian Escobar, — that action coming several weeks after U. S. Ambassador Norman Armour and British Ambassador David V. Kelly had been called home by their respective governments for consultation.

Visiting Chicago

Abraham Strauss, partner in Strauss Bros., 32 Broadway, New York City, has left for Chicago to attend the annual meeting of the National Security Traders Association. Mr. Strauss will make his headquarters in Chicago at the firm's newly enlarged offices in the Board of Trade Building.

DIVIDEND NOTICES

TEXTILES
PLASTICS
CHEMICALS

CELANESE
CORPORATION OF AMERICA
180 Madison Avenue, New York 16, N. Y.

THE Board of Directors has this day declared the following dividends:

FIRST PREFERRED STOCK
$4.75 SERIES

The regular quarterly dividend for the current quarter of $1.18¾ per share, payable October 1, 1944 to holders of record at the close of business September 14, 1944.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1944 to holders of record at the close of business September 14, 1944.

COMMON STOCK

A dividend payable on September 30, 1944 in Common Stock of the Corporation at the rate of one (1) share for each seventy (70) shares of Common Stock held of record at the close of business September 14, 1944.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

August 17, 1944.

ELECTRIC BOAT
★ COMPANY ★
33 Pine Street, New York 5, N. Y.

The Board of Directors has this day declared a dividend of twenty-five cents per share on the Capital Stock of the Company, payable September 11, 1944 to stockholders of record at the close of business August 29, 1944.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer

August 17, 1944.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of sixty-five cents (65c) per share on the common stock payable October 16, 1944, to all holders of record at the close of business on September 20, 1944.

SANFORD B. WHITE
Secretary

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York 1, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable October 2, 1944, to stockholders of record at the close of business on September 15, 1944. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

Johns-Manville
Corporation
DIV DEND

The Board of Directors declared a dividend of 50c per share on the Common Stock payable September 8, 1944, to holders of record August 26, 1944.

ROGER HACKNEY, *Treasurer*

KENNECOTT COPPER CORPORATION
120 Broadway, New York 5, N. Y.

August 18, 1944.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on September 30, 1944 to stockholders of record at the close of business on September 1, 1944.

A. S. CHEROUNY, Secretary.

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on August 15, 1944, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check September 1, 1944, to stockholders of record as of the close of business August 19, 1944, for the quarter ending August 31, 1944.

N. H. BUCKSTAFF, *Treasurer.*

SOUTHERN PACIFIC COMPANY
DIVIDEND NO. 107

A QUARTERLY DIVIDEND of Fifty Cents ($0.50) per share on the Common Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Monday, September 18, 1944, to stockholders of record at three o'clock P. M., on Monday, August 28, 1944. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.

New York, N. Y., August 17, 1944.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable September 15, 1944, to stockholders of record at the close of business September 1, 1944.

H. F. J. KNOBLOCH, *Treasurer.*

NY Curb Exchange Criticized By Justice Botein

Criticism of the action of the New York Curb Exchange in suspending a member without giving him a right to cross-examine witnesses, came from Supreme Court Justice Bernard Botein on Aug. 18 when he denied a motion by the Exchange to dismiss a damage suit for $354,540 brought by John W. Jones, former member of Avery & Co. Reporting the ruling of Justice Botein, the New York "Times" of Aug. 17, stated:

In his complaint Mr. Jones charged "wrongful suspension" and said that on March 3, 1942, he had been suspended for six months by the Exchange for alleged improper execution of a customer's order for Quaker Oats common stock. He asked $300,000 damages for loss of reputation, $50,000 for mental anguish and $4,450 for loss of means of livelihood.

The Justice also denied a motion by Mr. Jones for summary judgment and ruled that any abridgement of the broker's rights should be determined upon by a trial and not upon affidavits. In his complaint Mr. Jones alleged that he did not have the opportunity to cross-examine witnesses when the hearing against him was conducted and charged that "certain of the Governors who acted as judges had predetermined their decision to find the plaintiff guilty."

Reviewing the ouster proceedings against Mr. Jones, Justice Botein noted that "the sessions or hearings before the Committee on Stock Transactions was strictly investigative in nature and concededly the plaintiff was not entitled, as a matter of right, to notice of such sessions or to be present to cross-examine witnesses."

However, the Justice said, "the practice of reading to the Board, at the trial, the testimony heard by the investgating committee, and thereafter resting the case,* so to speak, upon such testimony when considered in the light of the constitutional provision permitting the accused to cross-examine only those witnesses who were produced, effectually deprives the plaintiff of the opportunity to cross-examine the witnesses who furnished the testimony upon which his suspension was predi-

Speculative Appeal

"MOP" general 4s of 1975 offer interesting speculative potentialities, according to a circular on the situation issued by McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

BUY
WAR
BONDS

Municipal News & Notes

More than 8,300 Federally financed houses now occupied by war workers in 44 public housing projects in New York, New Jersey and Pennsylvania will be converted to low-rent housing and slum clearance purposes after the war, according to information to the National Association of Housing Officials.

Now operated by local housing authorities in 23 localities in these States, the projects originally were planned for peace-time low-rent housing. When the war emergency arose, Congress authorized development of the projects "for persons engaged in national defense activities." Federal loans covered all the cost of such housing.

In the post-war period these projects will be refinanced under provisions of the United States Housing Act which authorizes the Federal Public Housing Authority to lend local authorities up to 90% of the total development cost of low-rent housing. The balance necessary will be raised by local authorities through the sale of their own bonds, which will be secured by future rents plus annual contributions by the Federal Government.

These annual contributions or subsidies, the association reports, bridge the gap between the rents that normally would be charged to pay off the investment and the rents which low-income families can afford to pay. Part of the subsidy necessary to insure low rents is paid by the Federal Government in cash and part by the local community in the form of tax exemptions on the completed housing projects. This exemption, however, is partially offset by the payment of fees by the project to the local governments.

Conversion of the projects to low-rent housing will pave the way for the demolition or repair of more than 8,300 sub-standard dwellings in this one area alone. The United States Housing Act requires the elimination of one sub-standard dwelling for every home built as part of the slum clearance and low-rent housing program.

Tennessee's Gross Debt Cut $52,000,000 Since 1937

The total of direct and indirect debt of the State of Tennessee on June 30, 1944, was $88,756,394.06, this figure reflecting a gross reduction of $52,224,967.89 in the seven years 1937-1944, it is shown in a summary of the State's fiscal record during the fiscal period ended June 30, last. The data, compiled by the Tennessee Taxpayers Association of Nashville, discloses a series of highly favorable developments in the State's fiscal and financial record during the period under review.

These include a reduction of $18,169,000 in the State's total bonded and county highway reimbursement debt, also an increase (without increased taxes) of $2,457,380.86 in revenues over the total for the fiscal period ended June 30, 1943. The totals for the respective fiscal years are $55,563,060.58 and $53,105,679.72.

As a result of the debt reduction policy inaugurated in 1937 and maintained in succeeding years, there has been a consequent diminution in the State's interest requirements by an average per year of $2,000,000, the Association reports.

Both the general fund and highway fund produced substantial surpluses during the year ended June 30, 1944, the amount in the case of the former being $3,428,076.45, while for the highway fund the figure was $3,838,130.35. Coupled with surpluses achieved in the previous six months, the accumulated surplus in the general fund on June 30 last aggregated $8,917,827.64, and for the highway fund the overall figure is $10,421,442. The sinking fund balance on the foregoing date was $9,771,075.

Commenting on the results of the State's fiscal record during the year ended June 30, 1944, and the previous six years, the Tennessee Taxpayers Association notes as follows:

Thus, the State has strengthened its financial position during the fiscal year by about $7,266,000, in surpluses produced, and $18,169,000 more by the year's reduction in debt, a total strengthening of $25,435,000. The strengthening for the last seven years equals about $61,800,000. The State of Tennessee is selling such bond issues as are found necessary from year to year at very substantial reductions in interest costs. The reduced costs are due in part to a nationwide improvement in the bond market, in part to shortened periods over which the maturities of serial bonds are spread, but fundamentally due to the splendid fiscal controls inaugurated in 1937 and maintained in succeeding years.

Michigan School Bonds Investment Merits Discussed

Miller, Kenower & Co., Detroit, have prepared a survey setting forth the various factors underlying the investment quality of Michigan school district bonds. Among the factors cited is the prohibition contained in the constitutional amendment of Nov. 8, 1932, against the further issuance of unlimited tax bonds. Although debt incurred prior to that date is exempt from the 15-mill tax limitation, the effect of the amendment has been to drastically curb the incurrence of debt and consequently hasten liquidation of outstanding obligations.

This is vividly seen in the fact that during the ten years from 1932 to 1942 the amount of school bonds outstanding was reduced from $188,465,000 to $66,866,000, a dollar decline of $121,599,000 and a percentage slash of 64.5%. While figures for 1943 are not completely available, they will show that a further substantial retirement has been effected, it is said. Moreover, the survey points out, it is felt that the trend toward debt reduction will continue until school districts in Michigan have retired all of their outstanding unlimited tax bonds. The survey in question was published in the Aug. 12 issue of the "Michigan Investor" of Detroit.

As a result of the amendment referred to which, incidentally, is optional in the case of Home Rule cities, school districts can finance permanent improvements only through the medium of bonds maturing in one to five years and payable from a limited tax for the same period. However, both the bond issue and the extra tax for debt service must be voted by the qualified electorate.

States Warned To Prepare Now For Unemployment Problems

The Council of State Governments in a report on State unemployment and compensation problems recommended several courses of action the States should follow in preparing to meet post-war problems in store for State unemployment compensation agencies.

When the war ends State agencies will have to handle far greater numbers of benefit claims and payments than they ever experienced in the past, according to the report, which warned that in the immediate post-war period State unemployment compensation programs will be put to a severe test "as to the adequacy of their reserves, the adequacy of the benefit protection they afford, and the effectiveness of their administration."

"It is vital, therefore, that every State prepare now, during wartime, to assure the post-war solvency of its unemployment fund, to improve the genefit protection its law affords to unemployed workers, and to take any other steps which may be necessary to handle the tremendoum administrative load of post-war benefit payments," the report said.

To meet the post-war problems which soon may confront State unemployment compensation agencies, the report said the States should act along the following recommended lines:

(1) Each State should make careful estimates of its probable post-war unemployment benefit payments, and of the solvency prospects of its unemployment fund; (2) where a State fund is in danger of post-war insolvency, steps should be taken to build more adequate reserves, through legislation requiring higher wartime contribution rates, primarily from its war-expanded employees; (3) each State should review the coverage and benefit provisions of its law to determine their adequacy, with a view to making such improvements as are found to be desirable and practicable; (4) each State should reexamine its statutory provisions and its administrative procedures, with a view to assuring maximum speed and efficiency in paying benefits under the peak-load conditions of the post-war period; (5) each State should participate fully in plans to solve interstate problems in the field of unemployment compensation through interstate cooperation, providing any legislative authorization needed for cooperation; (6) each State should carefully consider the proper relation between its law and any national program for veterans' demobilization allowances, and should provide such legislative authorization as may be indicated to permit full and proper State cooperation in relation to veterans' payments.

Greatest of the problems which State unemployment compensation agencies will face with the ending of the war, the report said, involves the wartime dislocation of populations, especially from rural to great war industry areas, and the demobilization and return of 10,000,000 or more servicemen to their homes and communities.

Johnson City, Tenn. Has $228,000 Accumulated Surplus

Five years of operating under the Council - and - City Manager form of government has produced some highly significant results in the financial picture of Johnson City, Tennessee's fifth city, according to a comparative study recently issued by the Tennessee Taxpayers Association, Nashville.

Not the least of the accomplishments cited in the study is the fact that the municipality had an accumulated surplus on June 30, 1944, of $288,368.48, of which $225,000 was invested in U. S. War Bonds. The present form of government was installed on July 1, 1939, and since that time the city's bonded debt has been lowered to $2,863,398 on July 1, 1944, from $3,187,468.08 on July 1, 1938.

During the fiscal year ended June 30, 1938, the last under the old form of government, the Association reports, the city operated at a deficit of $107,214.46. This contrasts with a surplus of $72,563.35 achieved during the fifth fiscal period under Council-Manager regime. In the ten years prior to July 1, 1939, the city created yearly deficits aggregating $1,134,359, as against a surplus of over $228,000 accumulated in the first five years under existing mode of government. In 1937-1938 interest requirements on the city's bonded debt amounted to $170,350. This compares with the 1944-1945 outlay of $121,329, a slash in annual charges of $49,021.

Trade Agreements No Basis For Solution Of International Economic Problems: Coulter

Reciprocal trade agreements, initiated ten years ago in June, have been a complete failure and offer "no basis for solution of our post-war international economic problems," Dr. John Lee Coulter, economic consultant and former member of the United States Tariff Commission, said on Aug. 20. Not only has the trade agreements policy failed to achieve any of its purposes, he declared, but revenue figures indicate that it cost the country between $200,000,000 and $300,000,000 annually in revenue.

"Ten years ago," he said, "the Reciprocal Trade Agreements Act was hailed as a measure to provide employment, stimulate exports, create good will, preserve enduring peace throughout the world, and solve all the economic ills of society. Objective study now discloses that, far from achieving these aims, the agreements resulted in just the opposite."

Some specific illustrations were cited, as follows, by Mr. Coulter:

"(1) It is only necessary to note in passing the failure of Reciprocal Trade Agreements to promote good will or prevent aggression and devastating wars.

"(2) In the matter of foreign trade, the goal was to promote exports — so as to increase opportunities for greater industrial employment at home. This too failed. The physical volume of exports during the five-year period (1935-1939) before interruption by war averaged only 80% of the volume of exports during the preceding prosperity period, — 1925-1929. Dollar value of exports during 1935-1939 was only 60% of the volume in 1925-1929.

"Furthermore, much of the exports during 1935-1939 were war materials—such as scrap iron and steel and other metals, gasoline and other petroleum products, food and fiber products and other farm items -- which foreign nations were accumulating as stock piles in preparation for possible military conflict. Indeed, a considerable portion of exports of farm products was forced under a system of export subsidies, ordinarily defined as dumping.

"(3) Imports, on the other hand, were stimulated. It is significant that the physical volume of imports during the five years 1935-1939 was almost exactly the same as during the prosperity period 1925-1929. Imports in 1937 were equal to, or greater than, any other year in our history for which data are available, including the boom year 1929.

"(4) Perhaps even more significant is the fact that our tariff reductions on more than a thousand import items lost the national government an average of over $200,000,000 a year in revenue — comparing the two five-year periods, 1925-1929 and 1935-1939. In 1939, customs duties collected were $300,000,000 less than in 1929.

"That means a loss of revenue of from two to three billion dollars in a ten-year period — even though the physical volume of imports remained the same.

"In 1930 the ratio of duties collected to foreign invoice value of dutiable imports was 44.7%; by 1940 the ratio had been reduced to 34.3%, a reduction of almost 25%, or equal to about 40% reduction on items upon which reductions had been made.

"(5) What about concessions by other countries? The truth is that few foreign countries have systems of income and profits taxes such as we have developed in the United States. They depend far more on customs duties for revenue than we do. In fact, before the war, the 60 leading nations and dominions (outside of the United States and U. S. S. R.) had tariffs about double the average imposed by the United States in terms of total imports and total revenue collected.

"Less than 10% of our normal national revenue comes from tariffs, whereas the foreign average is nearly 25% of their total revenue, or five billion dollars, out of total annual revenue of about twenty billion dollars.

"They have not and perhaps cannot sacrifice their revenue in order to please the United States or to help us to carry out some new trade philosophy — certainly not merely to help us to build up our export market, although they are pleased to see us open our American market to their exports.

"Altogether, facts rapidly coming to light indicate that our reciprocal trade agreements offer little or no basis for solving our post-war international economic problems. On the contrary, great harm may result if the American market is made a dumping ground for the products of foreign agriculture and labor with incomparably low wages and living standards."

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This complete record, published in Monday's issue of the **FINANCIAL CHRONICLE,** gives:

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Commercial and Financial Chronicle,
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Charge Badoglio Ceded Italy Land To Allies

From the New York "Sun" we take the following (Associated Press) from Berne, Aug. 19:

The German newspaper Voelkischer Beobachter" and Stefani, the Fascist news agency, today published what they described as the Italian armistice conditions signed by Marshal Pietro Badoglio on Sept. 3, 1943.

They represented that the agreement gave to France regions along the west Italian border and the island of Elba, to Britain the island of Pantelleria, to Yugoslavia Istria, Fiume and Zara, and to Greece the Dodecanese Islands. It was further alleged that the economic clauses required Italy to send 2,000,000 workers to contribute to the reconstruction of Allied countries, including 800,000 to Russia and 200,000 each to the United States, South Africa, Australian, Brazil and Britain.

Martens On Price Adjustment Board

The War Department has announced the appointment of Lieut. Col. William C. Martens as a member of the War Department Price Adjustment Board. Col. Martens, who entered the Army as a Major in March, 1943, was assigned to the office of the Under Secretary in the Renegotiation Division of the Army Service Forces. He was for many years the Vice-President of the Personal Products Corporation, a Johnson & Johnson subsidiary, New Brunswick, N. J.

Rail Situation Interesting

The current situation in New Haven offers interesting possibilities according to a memorandum issued by Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Savs—

(Continued from page 784)

ment that not only did they look higher but that the averages (D-J), then about 145, would probably go to about 149 to 150.

* * *

Well, you know what happened. Stocks did go up and the averages managed to cross the 150 figure by a half point.

* * *

But as this is being written, the market is again beginning to sag and, despite the widespread bullishness, plus the good news from the war fronts, stocks seem to be right in the middle of selling. When this selling will run its course is a matter of opinion. I don't believe that the time element will be as great in this instance as the price level.

* * *

Currently, the Dow level is about 149. From the way they are acting, I believe they will react down to approximately 147 or so before they start turning up again. With such a minor reaction envisaged it would be pointless to advise liquidation. Anyway, the chances are that by the time you read this, the reaction will be over. Instead, I would suggest retention of all stocks (with stops) and the addition of those issues which were not available on the last reaction.

* * *

Currently, you are holding Bendix at 38½ (stop 35). Stock is now about 41½, but offerings will knock it down to about your original purchase price. Hold it.

* * *

Lockheed, bought at 17 (stop 15) is about 17¾. Stock hasn't moved very much, so its reaction will probably be limited to about 16½ to 17. Hold this one, too.

* * *

U. S. Steel, bought at 58½, managed to cross 60 latter part of last week. Now about 59. On setback will probably get to where you bought it. Hold on with stop at 55.

* * *

Bethlehem Steel never got to the 59-60 range. If it does within the next few days it should be bought. Stop is 57.

* * *

Crown Zellerbach, now about 19¾, is still recommended if available between 18 and 18½. Stop 17½.

* * *

Also advise Allied Mills between 29½ and 30½, with stop at 28.

* * *

Expect market to pick up again after the 147 is reached and on next move believe rally will carry to about 151-152.

* * *

More next Thursday.

* * *

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

July Living Costs Up In Industrial Cities

Living costs of wage earners and lower-salaried clerical workers rose from June to July in all but six of the 63 industrial cities that are regularly surveyed by the National Industrial Conference Board, the Conference Board reported on Aug. 17. The advices from the Board added:

"The largest increase, one of 2.2%, occurred in Trenton, N. J., and increases ranging from 1.0% to 1.5% occurred in Lansing, Michigan; Houston, Texas; Muskegon, Michigan; Huntington, West Virginia; Duluth, Minnesota; Pittsburgh, and Wausau, Wisconsin.

"Declines were slight in the cities for which they are reported, the largest being only 0.4% in Spokane.

"For the United States as a whole, the cost of living on a wartime budget rose 0.6% from June to July.

"Between July, 1943 and July, 1944, the cost of living rose in 56 of the 63 cities, declined in six cities, and remained unchanged in one city. Increases over the twelve months' period were led by Toledo, with a rise of 3.8%, but this was followed closely by Trenton, N. J., with a rise of 3.6%. Other cities where living costs rose more than 3% during the year were Indianapolis, Bridgeport, Evansville, Indiana, Portland, Oregon, and Sacramento.

"The largest decline during the year was in Newark, and amounted to 1.7%, while other declines ranged from 0.1% in Buffalo to 1.1% in Duluth. There was no change in Parkersburg, W. Va.

Public National Attractive

Stock of the Public National Bank & Trust Co. of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Uuterberg & Co.

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Roosevelt Urges Re-Establishment Of Commission To Regulate Soft Coal Industry

Early passage of legislation to again regulate the bituminous coal industry was urged by President Roosevelt in a letter addressed by him to Representative John W. Flannagan, Jr. (Dem.-Va.), under date of Aug. 12, in which the President expressed the belief that better results would be obtained under a single head within one of the executive departments, rather than an independent commission. Associated Press advices from Washington Aug. 16 reporting this, added:

Pending legislation proposes a Commission of five members, with three representing the public, in contrast to the former board of three members, abolished last year.

The Commission, which would be similar to the one which functioned under the Guffey Coal Act, would have the power to regulate the bituminous coal industry, including authority to fix prices.

Congress abolished the former Commission a year ago, when a measure to continue it was killed in the Ways and Means Committee.

In his letter Mr. Roosevelt declared that the new legislation was required or "chaos will again threaten if the industry returns to the old ways of cut-throat competition." In his letter to Representative Flannagan, the President said:

"Dear John:

"I am glad to learn from you that bills are pending in the Congress which, if enacted, would reinstate price regulation and rules of fair competition for the bituminous coal industry.

"As you know, I actively sponsored such legislation which was enacted by the Congress in 1935, and again in 1937. This legislation has now expired. Under it the bituminous coal industry was cured of its chaotic sickness and put on the road to recovery. Thousands of miners who had known only low wages and poor working conditions were enabled for the first time to earn a decent livelihood. At the same time, consumers were protected and prices held to a steady and reasonable level.

"The passage of similar legislation at an early date is, in my opinion, important to the welfare of the nation. During wartime the bituminous coal industry has enjoyed a reasonable measure of prosperity. But when the present boom market ends, chaos will again threaten if the industry returns to the old ways of cut-throat competition. The industry itself will, of course, feel the harmful results of this instability. But hundreds of thousands of miners will also suffer irreparable injury, and consumers will obtain no lasting benefit. Sound legislation, on the other hand, will help stabilize the industry and safeguard the interests of thousands of producers, hundreds of thousands of mine workers and millions of consumers.

"There has always been a difference of opinion as to whether legislation of this character would better be administered by an independent commission or by an executive department. Experience has demonstrated to my own personal satisfaction that better results have been and will be obtained under a single head within one of the executive departments. This, however, is a matter upon which reasonable men may differ while agreeing upon the importance of the basic principle involved.

"Sincerely yours,

"FRANKLIN D. ROOSEVELT."

Latin America Builds Post-War Purchasing Power, According To Conference Board

Booming wartime exports, almost wholly to the United Nations, together with restricted imports of merchandise have already given the 20 nations of Latin America more than $1,250,000,000 worth of foreign purchasing power, according to a study of the area's wartime trade and economic condition prepared by the National Industrial Conference Board, and made available Aug. 16. In 1943 alone, Latin America's trade balance with the world was close to $1,090,000,000 on the export side, as against an export surplus of $338,200,000 in 1938, the last full peacetime year, says the Board, which states that the marked reversal in the trade balance with the United States is indicated by the change from an import surplus of $27,600,000 in 1938 to a "cash" export surplus of $583,900,000 in 1943. Lend-lease imports from the United States, consisting entirely of military goods, are excluded from the latter balance. By the end of 1941, the study finds that Latin America had accumulated a total of $891,000,000 in purchasing power as a result of wartime trade with the United States alone.

Since these greatly increased sales abroad have not been offset by imports of goods, the influx of funds and credit has resulted in inflation, it is also pointed out in the study, that "the wartime rise in both prices and the note issue in most countries of Latin America has been definitely less than in Axis Europe, but appreciably more than in the British Commonwealth and the United States."

Significance is attached by the study to the fact that "in nearly every country of Latin America the rise in demand deposits during the war years has been greater, both absolutely and percentagewise, than the note issue. "This suggests," the Board says, "in view of the relatively restricted ownership of such deposits, that the increased funds and purchasing power from the wartime export expansion have not been widely distributed within each country—a situation that appears to have contributed to the current wave of social unrest throughout much of Latin America."

The Conference Board's study concludes that Latin America's inflation problem differs from that of the belligerent countries since it has a temporary basis. It states:

"The blocked foreign balances which are largely responsible for the inflation are due primarily to the inability to import goods. Such goods will of course become available again once the war is ended, and the blocked balances will thus presumably be liquidated almost automatically, and with them much of the inflation itself."

Regarding the rise in prices and note circulation the Board says: "Between the first half of 1939 and early 1944, wholesale prices rose 100% in Argentina, 95.7% in Chile, 110% in Peru, and 83% in Mexico.

"Except in Argentina and Uruguay, notes in circulation — the principal measure of wartime inflationary pressure—showed an even more marked increase. These rises between June 30, 1939, and early 1944 were as follows: Argentina, 76.1%; Bolivia, 277.4%; Brazil, 133.6%; Chile 166.9%; Colombia, 124.7%; Ecuador, 257.7%; Peru, 209.8%; Uruguay, 42.9%; Venezuela, 111.3% (from Dec. 31, 1939); Costa Rica, 196.0%; Cuba, 190.7%; Haiti, 191.3%; Mexico, 269.9%; and El Salvador, 186.7%.

"Official sources indicate only minor rises in the cost of living in Argentina and Uruguay since the first half of 1939, but show the following increases elsewhere; Bolivia, 213%; Brazil, 28%; Chile, 97.6%; Colombia, 37.1%, Peru, 57%; Costa Rica, 61%; Cuba, 70%; and Mexico, 88%."

NY State Exceeds 5th War Loan Objective

New York State exceeded its Fifth War Loan overall objective by 23.6%, it was announced on Aug. 5 by Nevil Ford, State Chairman of the War Finance Committee for New York, in making public the final results of the drive which ended at midnight on July 31. Sales of all issues to all classifications of investors in the State were $5,933,781,391, a quota achievement of 123.6%, Mr. Ford said.

New York State's grand total was 28.8% of the country-wide sales. With regard thereto, Mr. Ford explained that $1,390,000,000 of additional Fifth War Loan securities, purchased with funds within the State, were either allocated or automatically credited to other States. Including these out-of-State credits and allocations, New York State actually accounted for $7,323,800,000, well over one-third of the national grand total.

"These figures tell their own story," Mr. Ford stated. "The impressive totals form a most eloquent tribute to the self-sacrificing efforts of the more than a half million volunteer workers who sold the bonds and to the patriotic response of the organizations and individuals who bought them."

Estimating that over 5,000,000 New Yorkers purchased bonds during the Fifth War Loan, Mr. Ford said:

"The actual number of bond buyers is not a matter of record, due to the impracticability of determining the number of individuals who made more than one purchase. However, figures on the number of bonds issued indicate that more people bought bonds in the Fifth War Loan than in the Fourth.

"In E-Bonds, where the greatest number of transactions occur, the average amount invested was about $46 in the Fifth Loan as compared with about $50 in the previous drive. This lower average investment in the campaign just concluded indicates a wider dissemination of such bonds."

Commenting on purchases by individuals, Mr. Ford said:

"Total sales to individual investors were higher than in any previous campaign and amounted to $889,313,719. Individuals purchased $86,300,000 more of the marketable securities—those other than E, F and G Savings Bonds and C Savings Notes — than they did during the Fourth War Loan. From this it may be seen that many private buyers, having acquired their full allowance of E-Bonds under Treasury restrictions, turned to other issues during the Fifth War Loan. Final tabulations show sales of $342,316,967 in E-Bonds against a quota of $367,000,000.

"It is gratifying to note that although New York State did not quite make its E-Bond Quota, it maintained its position in relation to the country by accounting for 11.3% of the nation's total E-Bond purchases, as compared with 11.4% in the Fourth War Loan and 10.4% in the Third."

Mr. Ford also pointed out that 26 of the State's 62 counties exceeded their E-Bond quotas, including three located within New York City.

Further analysis of the Fifth War Loan results showed that there was a definite trend towards investment in the longer-term marketable securities, as shown by the fact that purchases of issues other than Series C Notes, ⅞% Certificates and Series E, F and G Bonds, comprised 60.4% of total sales, in the Fifth Loan, compared with 47.3% in the Fourth Loan.

The following table shows an analysis of Fifth War Loan purchases by class of investor and type of security:

FIFTH WAR LOAN SALES
FINAL REPORT
(In millions of dollars)

By Class of Investor	Amount	By Types of Issue	Amount
Individuals	889.3	E bonds	342.3
Savings banks	852.2	F bonds	22.3
Insurance cos.	1,475.7	G bonds	88.8
Dealers and brokers	318.6	C notes	570.0
Federal agencies & trust funds	3.6	7% C. of I.	1,325.9
		1¼% notes	731.1
State and local governments	191.1	2% bonds	1,929.1
All others—mostly corps.	2,203.3	2½% bonds	924.3
Total	5,933.8		5,933.8

In conclusion, Mr. Ford said, "I feel that the people of New York State have every reason to be proud of the record they have established in the Fifth War Loan. This campaign is now concluded, but their determination not to pause until final victory is achieved is strikingly evidenced by their continuing purchases through the payroll savings plan and otherwise of Series E, F and G Bonds and Savings Notes, Series C, which are always on sale."

In our issue of Aug. 3, page 512, we noted that total subscriptions of $20,639,000,000 were reported by Secretary Morgenthau in the Fifth War Loan Drive.

Conference In London On Post-War Rubber

Extraordinary conversations on post-war rubber problems between the United States, Britain and the Netherlands, it was stated in London United Press advices Aug. 11, have resulted in a large measure of agreement on the broad outlines of the problems ahead, according to an announcement in the matter. The United Press added:

"Officials of the three Governments, assisted by industrial representatives, met in London Aug. 1 to 9 and made a comprehensive survey covering both natural and synthetic rubber. The first program of studies has been prepared and arrangements are being made to carry out these studies, it was revealed."

From Washington, Aug. 11, the Associated Press said:

"Post-war rubber production and requirements are being studied in London by the United States, the Netherlands and Great Britain as a preliminary to agreeing on a plan for international rubber control.

"An announcement released simultaneously yesterday in London and Washington said that the conference will extend the program of joint economic action which the United States and the United Kingdom have been developing in preparation for post-war economic problems.

"Because the United States production of synthetic rubber now nearly equals the entire world export of natural rubber in pre-war years, America is in a different position with respect to rubber from any it has ever occupied. This is of particular interest to the British and the Dutch, pre-war producers of much of the world's supply."

In the New York "Times" of Aug. 14 it was stated that the heads of two large American rubber companies, who had been in London attending the discussions on rubber, were among the eight transatlantic passengers who arrived at La Guardia Field aboard a Pan American Airways clipper on Aug. 13. They were, said the "Times," Paul W. Litchfield of Akron, Ohio, Chairman of the board of the Goodyear Rubber Company, and John L. Collyer of Akron, President of the B. F. Goodrich Rubber Company. The paper from which we quote added:

Mr. Collyer said they had been acting as advisers to the State Department in discussions among representatives of the Netherlands, the United Kingdom and the United States pertaining to rubber.

"I came home impressed with the urgency of producing large military tires in greater quantities," he said. "I believe that by increasing our production we can hasten the end of the war and save lives and suffering."

It was indicated in the New York "Journal of Commerce" several weeks ago that the State Department had made known that it had designated B. F. Haley of that department to leave for London for the conference and that he would be accompanied by W. T. Phillips of the State Department, and also by an advisory group from industry and the Government.

Need Better Rural Housing Says Mortgage Banker

One of the most pressing post-war problems which the nation must face and solve is the bad state of housing on American farms, L. E. Mahan, St. Louis, Vice-President of the Mortgage Bankers Association of America, said on Aug. 17 in an address before a conference on rural housing at Purdue University at Lafayette, Ind. Mr. Mahan declared that at least one half of the farm population of the country lived in houses of "low value" and painted a gloomy picture of rural housing conditions in many parts of the country. Mr. Mahan began his mortgage career in the farm loan department of the Mississippi Valley Trust Company in St. Louis. He referred to it as "significant that the lowest values in the South are not among Negroes but among some white farms in North Carolina, Alabama and Mississippi."

Better rural housing must be recognized as absolutely essential in the post-war period, he advised, because we will have the problem of returning millions of young men to the farm, and this may not be so easy if they must return to bleak unlivable housing.

Mr. Mahan's address emphasized the credit possibilities in future rural housing and said the farm picture—in statistics—shapes up something like this today: Total farm mortgage debt is around $6,000,000,000 and there are 6,096,000 farms in the United States, of which 2,363,000 are mortgaged representing nearly 39% of the farms. The mortgaged farms had a value of $15,873,000,000 and are mortgaged for around 47% of their value.

Turning to present developments in rural credit, he told the educators at the conference that the Federal Government is by far the most important factor in the field. He said that the Federal Land Banks were originally organized to supply adequate credit facilities to those areas which didn't have it but that in realty these banks grew about as fast in the good areas as they did in the poorer sections.

"The Government is now practically in control of our farm loan credit and there is no thought on its part of withdrawing," Mr. Mahan said. "It lowered interest rates to the point that it drove private capital from the field."

Attractive Situations

Standard Stoker common and Mansfield Tire & Rubber preferred and common offer interesting possibilities according to current analyses issued by Otis & Co., Terminal Tower, Cleveland, Ohio. Copies of these may be obtained from Otis & Co. upon request.

Calendar Of New Security Flotations

OFFERINGS

ARDEN FARMS CO. has registered 35,714 shares of $3 cumulative and participating preferred stock, without par value. Company has offered to holders of its preferred stock of record July 21 rights to subscribe for shares of the new preferred at the rate of one share for each 2½ shares held at $45 per share. Rights expire Sept. 8. Company proposes to sell to the public any shares not subscribed. Net proceeds will be used to improve the cash and working capital positions of the company and to the acquisition of additional plants. No underwriters named. Filed June 21, 1944. Details in "Chronicle," June 29, 1944.

ARTLOOM CORPORATION has filed a registration statement for 100,000 shares of common stock (no par). Holders of common stock of record Aug. 28, 1944, will be given the right to subscribe to the new common stock at $5 per share in the ratio of one share for each two shares then held. Rights will expire Sept. 11. Almost the entire net proceeds will be used to retire the company's preferred stock which it is estimated will require approximately $470,233, any balance will be added to working capital. Stroud & Co. are underwriters. Filed Aug. 1, 1944. Details in "Chronicle," Aug. 10, 1944.

CARRIER CORP. has filed a registration statement for 70,000 shares of cumulative preferred stock (par $50). Part of the proceeds will be applied to the retirement of $1,558,000 10-year 4½% convertible sinking fund debentures. Balance will be available for expenditures on plant or for other corporate purposes. Of the 70,000 shares registered, 66,506 are being offered by the corporation to the holders of its common stock for subscription pro rata at the rate of 16 shares of preferred for each 100 shares of common stock held of record at the close of business Aug. 18, 1944. Subscription warrants will be exercisable beginning Aug. 19, 1944, and will expire at the close of business Aug. 25, 1944. It is planned to offer to the employees not more than 10,000 shares at the same price during the same period. Any remaining shares will be offered to the public at a price to be filed by amendment. The principal underwriters are Harriman Ripley & Co., Inc., Hemphill, Noyes & Co., The First Boston Corp., Kebbon, McCormick & Co., Lehman Bros., Merrill Lynch, Pierce Fenner & Beane, Clark, Dodge & Co., Eastman, Dillon & Co., Hornblower & Weeks, and W. E. Hutton & Co. Filed Ang. 2, 1944. Details in "Chronicle," Aug. 10, 1944.

CENTRAL SOYA CO., INC., has filed a registration statement for $2,250,000 3¼% sinking fund debentures, due Aug. 1, 1959. The underwriters are Glore, Forgan & Co., $900,000; First Boston Corp., $450,000; A. G. Becker & Co., Inc., $300,000; Bacon, Whipple & Co., Kebbon, McCormick & Co., and Reynolds & Co., $200,000 each. Part of the proceeds will be applied to the purchase and cancellation or redemption of $1,400,000 aggregate principal amount of first mortgage and leasehold 4% sinking fund bonds due Nov. 1, 1952. Balance will be added to working capital of the company. Filed Aug. 5, 1944. Details in "Chronicle," Aug. 10, 1944.

Offered Aug. 22, 1944 at 100 and interest.

THE E. KAHN'S SONS CO. has filed a registration statement for 35,000 shares 5% cumulative preferred stock (par $50). Company offered to holders of 7% cumulative preferred stock, par $100, the opportunity of exchanging such holdings for 5% cumulative preferred, par $50, on the basis of one share of the former for two and one-fifth shares of the latter, with adjustment in cash for accrued dividend. A total of 8,209 shares of 7% cumulative preferred stock accepted the offer. Company will call for redemption at the earliest call date all 7% cumulative preferred not exchanged at $110 per share and accrued dividends. Filed July 22, 1944. Details in "Chronicle," July 27, 1944.

Offered—A total of 16,992 shares of 5% preferred stock was offered Aug. 18 at $50 per share and dividend by Westheimer & Co., W. E. Hutton & Co., and W. D. Gradison & Co.

NATIONAL CYLINDER GAS CO. has filed a registration statement for 35,000 shares of cumulative preferred stock (par $100). Proceeds will be added to the cash funds of the company to be available for general corporate purposes. Pending specific allocation, some of the proceeds may be used to carry additional receivables and inventories, to increase bank balances and to pay current liabilities. Principal underwriters are Paine, Webber, Jackson & Curtis, F. S. Moseley & Co., Chicago, A. G. Becker & Co., Inc., Dean Witter & Co., and Kebbon, McCormick & Co. Filed Aug. 4, 1944. Details in "Chronicle," Aug. 10, 1944.

Offered Aug. 23, 1944 at 100 per share.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, AUG. 27

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund note. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. No underwriter named. Filed Aug. 8, 1944. Details in "Chronicle," Aug. 17, 1944.

MONDAY, AUG. 28

HAMILTON MANUFACTURING CO. has filed a registration statement for 38,996 shares of preferential participating stock (par $10). Proceeds will be used to redeem and retire on or before Jan. 1, 1945, at 103, plus accrued interest, $300,000 5% first mortgage sinking fund bonds and at 105% of par value, plus accrued dividends, all of outstanding 7% cumulative first preferred stock consisting of 838 shares. Underwriters are Straus Securities Co., Chicago, 19,498 shares and Loewi & Co., Milwaukee, 19,498 shares. Filed Aug. 9, 1944. Details in "Chronicle," Aug. 17, 1944.

THURSDAY, AUG. 31

THE EDWARD G. BUDD MANUFACTURING CO. has filed a registration statement for 95,868 shares (no par) $5 cumulative prior preferred stock of which 60,000 shares are to be publicly offered and 35,868 are to be continued to be offered to holders of 7% cumulative preferred stock for exchange and the basis of 2 shares of $5 cumulative prior preferred for each one share of 7% cumulative preferred.

Address—2450 Hunting Park Avenue, Philadelphia, Pa.

Business—Prior to 1940 was engaged principally in the manufacturing and sale of bodies and parts for automobile, trucks and truck trailers, and diversified steel products in the automobile industry, the manufacture and sale of lightweight stainless steel railway cars and in the manufacture of a variety of other products for marine use. Now in war work.

Underwriting—None named.

Offering—To be supplied by amendment.

Proceeds—To redeem that portion of the 7% preferred stock not converted to $5 cumulative prior preferred at 107.71 or $110 plus accrued dividends from Nov. 1, 1930. If there is no further exchange of 7% preferred the cost of redemption of 17,934 shares of such stock will be $3,725,071. Proceeds in excess of amount required to redeem 7% stock will be used for working capital.

Registration Statement No. 2-5448. Form S-1. (8-12-44).

SATURDAY, SEPT. 2

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating.

Address—315 W. Main St., Louisville, Ky.

Business—Distilling of spirits: whiskey and alcohol.

Underwriting—None named.

Offering—Price to public $110 per share; proceeds to co. $100.

Proceeds — Construction of distillery, $250,000; working capital, $250,000.

Registration Statement No. 2-5449. Form A-1. (8-14-44).

SUNDAY, SEPT. 3

SOLAR MANUFACTURING CORP. has filed a registration statement for 90,000 shares of series "A" convertible preferred stock (par $5).

Address—285 Madison Avenue, New York 17, N. Y.

Business — Manufacturing capacitors (fixed condensers).

Proceeds—$575 for additional working capital; $100,000 for mechanization of factory operations; $80,000 for readaptation of plant to peacetime operations. All approximate.

Underwriting—Van Alstyne, Noel & Co.

Offering—Price to be filed by amendment.

Registration Statement No. 2-5450. Form S-1. (8-15-44).

MONDAY, SEPT. 4

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock.

Address—1128 Alakea Street, Honolulu, Hawaii.

Business—Furnishes Telephone Service.

Underwriting—To be offered to holders of presently outstanding 500,000 shares of company's capital stock at par on basis of 1 share for each five held. That portion not taken by stockholders to be sold at public auction.

Proceeds—Working capital for purpose of making replacements, improvements and betterments to plant.

Registration Statement No. 2-5451. Form S-1. (8-16-44).

TUESDAY, SEPT. 5

THE NARRAGANSETT ELECTRIC CO. has filed a registration statement for $31,500,000, first mortgage bonds, series A, 3%, due 1974.

Address—49 Westminster Street, Providence, Rhode Island.

Business — Manufacture, purchase, and sale of electricity for light, heat, power, resale and other purposes.

Underwriting—None named: to be offered at competitive bidding.

Proceeds — Proceeds to be applied to redemption of company's outstanding series A, 3½% first mortgage bonds, due 1966, according to release by SEC. No mention made in registration statement.

Registration Statement No. 2-5452. Form A-2. (8-17-44).

WEDNESDAY, SEPT. 6

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Interest rate will be supplied by amendment.

Address—60 Hudson Street, New York 13, N. Y.

Business—Furnishing telegraph service.

Underwriters—To be supplied by amendment.

Offering—Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment.

Proceeds—Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 principal amount of the company's twenty-five year 5% bonds at 105% plus accrued interest.

Registration Statement No. 2-5453. Form S-1. (8-18-44).

ARMOUR & CO. has filed a registration statement for $65,000,000 first mortgage, 3¼%, sinking fund bonds, series E, due Sept. 1, 1964.

Address — 43rd St. and Racine Ave., Union Stock Yards, Chicago 9, Ill.

Business—Meat packing.

Underwriters—Kuhn, Loeb & Co. named principal underwriter.

Offering—Price to be supplied by amendment.

Proceeds—To be used together with $10 million bank loans and general funds of company to retire series B, series C and series D bonds outstanding in $76,365,000 principal amount at 105% plus accrued interest.

Registration Statement No. 2-5454. Form A-2. (8-18-44).

THE UTAH RADIO PRODUCTS CO. has filed a registration statement for $1,175,000, 10-year, 4½% convertible debentures and 146,875 shares ($1 par) common stock for issuance upon conversion of the debentures at any time prior to Sept. 16, 1954 at rate of 12½ shares of common for each $100 in debentures.

Address—820 North Orleans Street, Chicago 10, Illinois.

Business—Manufacture of radio parts and other related items.

Underwriters—Cruttenden & Co., $200,000; Bankamerica Company, $200,000; Mackubin, Legg & Co., $200,000; Paine, Webber, Jackson & Curtis, $100,000; A. G. Edwards & Co., $100,000; Dempsey-Detmer & Co., $100,000; The First Trust Company of Lincoln, $100,000; Kneeland & Co., $100,000; First Securities Company of Chicago, $75,000.

Offering—The company's common stockholders of record Aug. 24, will be offered right to subscribe to the debentures in ratio of one $100 debenture for each 25 shares of stock at the rate of 103% plus accrued interest from Sept. 15, 1944. Unsubscribed debentures will be offered to the public at the same price.

The company is to pay each underwriter a sum equal to $15 for each $1,000 debenture subscribed to by common stockholders and $30 for each $1,000 debenture purchased by the underwriters.

Proceeds—The net proceeds, estimated at $1,159,029, are to be used for expansion purposes and as an addition to working capital.

Registration Statement No. 2-5455. Form S-1. (8-18-44).

FRIDAY, SEPT. 8

THE AFFILIATED FUND, INC., has filed a registration statement for 1,000,000 shares of common stock.

Address—1 Exchange Place, Jersey City 2, N. J.

Business—Investment trust.

Underwriting — Principal underwriter, Lord, Abbot & Co., Inc.

Offering—$4.28 a share.

Proceeds—For investment.

Registration Statement No. 2-5456. Form A-1. (8-21-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ATHEY TRUSS WHEEL CO. has filed a registration statement for 71,590 shares of common stock (par $4). The shares are issued and outstanding and do not represent new financing by the company. Brailsford & Co., and C. O. Kalman, Paul R. Doels and Edwin White are considered to be the principal underwriters. Filed July 27, 1944. Details in "Chronicle," Aug. 3, 1944.

BIRMINGHAM ELECTRIC CO. has filed a registration statement for $10,000,000 first mortgage bonds, series due 1974. Interest rate will be supplied by post-effective amendment. Price to the public will be filed by post-effective amendment. Company is a subsidiary of National Power & Light Co. which is the sole owner of the 545,610 shares of its outstanding common stock. The net proceeds, together with such additional cash from its general funds as may be required, will be used for the redemption, at 101 and accrued interest, of all of the company's first and refunding mortgage gold bonds, 4½% series due 1968, outstanding in the principal amount of $10,000,000. The bonds will be offered by the company for competitive sale pursuant to the Commission's competitive bidding Rule U-50. The names of the underwriters will be filed by post-effective amendment. Filed July 22, 1944. Details in "Chronicle," July 27, 1944.

BROOKLYN UNION GAS CO. June 29, 1941 filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Company planned to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 debentures and the concurrent issuance and private sale of $30,000,000 general mortgage sinking fund bonds, 3¾% series, due Aug. 1, 1969.

C. E. Paige, President of the company, announced Aug. 3, 1944 that company had entered into a firm agreement with Halsey, Stuart & Co., Inc., for the sale of the proposed $30,000,000 of mortgage bonds and $12,000,000 of debentures. Halsey, Stuart & Co., Inc., has agreed to pay not less than 100 for the bonds as 3½s and not less than 100 for the debentures as 4s. providing the company will submit both issues to competitive bidding.

The New York State Public Service Commission previously had denied the company permission to sell the $30,000,000 of bonds privately to insurance companies and declared that both the bonds and debentures should be thrown open to competitive bidding.

In amendment filed with SEC Aug. 10 company proposes the issuance of $30,000,000 general mortgage sinking fund bonds due 1969 and $12,000,000 25-year sinking fund debentures due 1969. Both issues will be offered for sale by the company pursuant to Commission's competitive bidding rule U-50 and names of underwriters and interest rates will be filed by post effective amendment.

BUFFALO BOLT CO. has filed a registration statement for 141,054 shares of common stock (par $1). Of the total 78,834 are to be sold for account of the company and 62,220 for account of certain stockholders. Company's proceeds will be used to augment working capital and for other corporate purposes. Van Alstyne, Noel & Co., New York, head list of underwriters. Others will be supplied by amendment. Price to public $6 per share. Filed Aug. 1, 1944. Details in "Chronicle," Aug. 10, 1944.

DERBY GAS & ELECTRIC CORP. has filed a registration statement for an undetermined number of shares of common stock (no par). Proceeds are to be used in connection with the acquisition of the securities of the Danbury & Bethel Gas & Electric Light Co., from Cities Service Power & Light Co. Filed July 24, 1944. Details in "Chronicle," Aug. 3, 1944.

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co. The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of $10,044,900 first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corp. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co. Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment. Filed July 1, 1944, Details in "Chronicle," July 6, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows. Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years.

Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

GRIESEDIECK WESTERN BREWERY CO. has filed a registration statement for 13,506 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing by the company. Price to the public is $33 per share. Edward D. Jones & Co., St. Louis, is named principal underwriter. Filed July 17, 1944. Details in "Chronicle," July 27, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

INDIANA & MICHIGAN ELECTRIC CO. has filed a registration statement for 120,000 shares of cumulative preferred stock (par $100). Company proposes to make a loan from not more than six New York City banks in the amount of $7,880,000 and use proceeds for purchase for cancellation of 544 shares of old 7% and 35,473 shares of old 6% preferred of Indiana from American Gas & Electric Co. for $3,596,749, and for redemption and cancellation of 38,731 shares of old 7% preferred and 245 shares of old 6% preferred of Indiana now in the hands of the public, at the redemption price of $110 per share plus accrued dividends. The cost of these two transactions is placed at $3,596,749 and $4,287,360, respectively. Proceeds from sale of the new preferred and common stocks are to be applied to the payment of the bank loan. Balance will be included in general corporate funds of Indiana and used to acquire property and for construction purposes. The preferred stock is to be sold subject to the competitive bidding rules of the Commission. Names of underwriters will be filed by amendment. The offering price to the public and the dividend rate will be supplied by amendment. Filed July 29, 1944. Details in "Chronicle," Aug. 10, 1944.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes, bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944. Details in "Chronicle." June 22. 1944.

MISSISSIPPI POWER & LIGHT CO. has filed a registration statement for $12,000,000 first mortgage bonds series due 1974. Net proceeds from the sale of the bonds and $2,000,000 of promissory notes, together with such additional cash from general funds as may be required, will be used to redeem at 102½ the $15,000,000 first mortgage gold bonds, 5% series due 1957. The bonds will be sold under the competitive bidding rule of the Securities and Exchange Commission and names of underwriters will be filed by amendment. Filed Aug. 1, 1944. Details in "Chronicle," Aug. 10, 1944.

Company is inviting bids to be received Aug. 28 on its proposed issue of $12,000,000 first mortgage bonds, due 1974. Bids will be received at 2 Rector St., New York 6, N. Y. up to 12 o'clock noon EWT.

MORRISON-KNUDSEN CO., INC., has filed a registration statement for $200,000 series K 5% preferred stock and $300,000 series L 6% preferred stock, both $100 par value. Securities will be offered by Morrison-Knudsen Co., Inc., at par. Any part of the issue not sold by company officials will be sold through Wegener & Daly, Inc., Boise, Idaho, as underwriters. Company in an amendment filed June 10 proposes to offer $100,000 4% series F demand certificates and $100,000 4% series Y certificates at $100. Proceeds for working capital. Details in "Chronicle," May 31. Filed May 23.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

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Our Reporter On "Governments"

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obligations with a part of the proceeds going into the 2½% due 9-15-72/67. . . .

TAX-EXEMPTS DRYING UP

With the retirement of the 4% bonds due December 15-54/44 (known as the Coolidge 4s, because they were issued in 1924 during President Coolidge's administration) on next Dec. 15, the amount of marketable wholly tax-exempt and partially tax-exempt Government bonds will be reduced to $23,697,670,000. . . . This figure will be sharply decreased through maturity or call in the next seven years, when more than two-thirds of the presently outstanding issues will be extinguished, provided there is no change in the policy of the Government of retiring these issues at maturity or call date, whichever may be earlier. . . . The wholly tax-exempt issues following the elimination on Sept. 15, next, of $283,006,000 of the 1% notes will be reduced to $913,954,420, of which $718,011,700 will be retirable on March 15, 1945. . . . By next spring the totally tax-free obligations will have practically disappeared, with the remaining outstanding issues consisting of only $28,894,500 of the 3% conversion bonds due in 1946 and 1947, and $49,800,000 of the 3% Panama Canal bonds due in 1961. . . .

MATURITY SCHEDULE

The partially tax-exempt obligations at the end of 1944 will amount to $22,170,743,500, and by the end of 1951 this figure will have been reduced to $7,402,453,650, indicating that in the next seven years the greater part of these obligations will have been retired either through call or maturity. . . . The following table shows the amount due or callable each year through 1951:

1945	$1,755,272,500	1949	$2,277,502,050
1946	2,343,580,500	1950	1,185,841,200
1947	1,460,018,700	1951	3,500,169,250
1948	2,245,905,400		

The decreasing supply of this type of security, together with their tax features, makes them very desirable obligations. . . . However, it was pointed out that until future tax problems have been clarified, the market for these securities will be uncertain, since the amount of adjustment, if any, that must be made from present levels cannot be definitely indicated until post-war tax levels have been defined. . . .

RAISING RESERVE REQUIREMENTS

It is reported that Congress in the not distant future may be asked to approve new legislation that would permit the Board of Governors of the Federal Reserve System to raise reserve requirements above the present maximum levels. . . . Despite the great expansion of bank deposits that has taken place during the war, present indications point to a further major increase in both reserves and deposits of the banking system during the post-war period, and action is being considered to offset the threat of inflationary conditions that may confront the country, after the ending of the war. . . . The principal reason for expecting an expansion in member banks reserves after the war is the return flow of currency from circulation, which has passed the $23,000,000,000 mark, having more than doubled since the war. . . . Likewise, the favorable balance of payments of the United States is likely to be large in the post-war years. so that heavy shipments of gold to this country from abroad should be resumed, which will also add to the expansion of member banks reserve. . . .

RESERVE BUYING

Wartime increase in currency in circulation has been offset by large purchases of Government securities by the Federal Reserve Banks, who in turn could counteract excess reserves that would result from the return flow of currency to the banks after the war, through liquidation of these holdings. . . . Nevertheless the Treasury will be confronted with a vast problem of refunding as well as the need for financing further deficits, and the Reserve Banks may not be able to sell their Government securities freely without embarrassing the Treasury. . . . Accordingly, it is indicated that the Federal Reserve System will seek new legislation to give them greater flexibility in dealing with problems that may develop in the post-war period. . . .

The 12 Federal Reserve Banks for the week ended Aug. 16, 1944, reported a decline of more than $93,000,000 in the holdings of securities with a maturity of more than five years, showing that Federal is still utilizing the strong market demand to dispose of their long-term holdings and at the same time keeping the market orderly. . . .

COMPOSITION OF RESERVE HOLDINGS

Liquidation of the longer term obligations by Federal did not decrease the total holdings of the system, which amounted to $15,231,445,000 on Aug. 16, 1944, or an all-time record high so far. . . . However, the holdings of U. S. Government securities by Federal have shown a noticeable trend toward the shorter obligations and on Aug. 16, 1944, about 88% of the entire portfolio consisted of obligations with a maturity of two years or less with 6% being in securities with a maturity of from two to five years and the remaining 6% consisting of issues with a maturity of over five years. . . .

It is indicated that Federal, in improving its liquid position, is getting prepared for the time when through the run-off of short maturity obligations it will be in a position to offset at least a part of the increase in excess reserves that will result from the return flow of currency to the banks.

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Stevens Sees 8,000,000 Vacuum Cleaner Sales In Post-War Period

The vacuum cleaner industry will be ready to provide jobs for many men and women now in the armed forces and war work when the war is won, according to G. T. Stevens, Vice-President of Eureka Vacuum Cleaner Company, who forecast production of 8,000,000 units in the first four postwar years on the basis of a market study made by the company.

George T. Stevens

He said the Eureka Company anticipates an increase of 25% or more in the production of vacuum cleaners in the first full production post-war year as compared with the last pre-war year. The second full production year should show an increase of 100% over 1941.

"While our manufacturing facilities will continue to be completely engaged in making essential war materials so long as they are needed, we believe it is in the interest of the public, our dealers and employees to prepare now for rapid plant reconversion and resumption of merchandising," Stevens said. "Planning now will make more jobs faster after the war for men and women now in the armed forces and war work."

Stevens reported that Eureka is carrying on an "after hours" program on product design, engineering, comprehensive market studies, and dealer surveys as a part of its post-war planning.

"Never before have home appliance dealers shown such interest in vacuum cleaners," he said, "and we are developing sales training and related promotional plans to fit into the distributor's own post-war programs."

Detailed questionnaires circulated to distributors to ascertain their requirements are bringing up to 80% returns, Stevens said, giving ample evidence of their interest and helping the company to work out new sales procedures that will be of maximum value.

"Many of the men and women who will be making and selling vacuum cleaners after the war are fighting at battlefields all over the world today," Sevens said. "We have a responsibility to see that our industry is ready to provide jobs for them when they come back."

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Post War Survey of the Stationery and Greeting Card Industry—W. Clement Moore—National Paper Box Manufacturers Association, Philadelphia—paper.

Secondary Reserves and the Investment of Wartime Deposits — Frederick W. Marriner—Bankers Publishing Company, 465 Main Street, Cambridge 42, Mass. — paper—$1.50.

International Aspects of Wartime Monetary Experience—Richard A. Lester — Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper.

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The Financial Situation

Thoughtful men and women throughout the land have been well pleased, we feel certain, to learn that it is not the intention of Governor Dewey to permit whatever "cooperation" is effected between him and the Secretary of State to "eliminate" our foreign policy from the approaching campaign. It would be exceedingly unfortunate to have the campaign proceed and a President elected amid a general pretense on either side or both sides that no difference of opinion existed in this country concerning our post-war foreign policy. It is of the utmost importance that this whole subject be aired, and the people fully informed and persuaded to give it the serious and intelligent thought it deserves. No more suitable occasion for such discussion and study than the coming campaign could well be found—assuming that both major parties and candidates are willing to have such discussions occur and will refrain from muddying the waters in the hope of political advantage.

Politics and Foreign Policy

There appears to be a rather widespread dread of having our foreign policy enter the political arena. It has been repeatedly asserted in many quarters that the campaign ought to be fought out on domestic issues, that "unity" is essential as regards our foreign policies, that peoples abroad must not be permitted to obtain the impression that we are a divided nation, that our allies must not be given reason to fear that we shall "repeat our blunders" following World War I, and much more of the same order. To us this appears to be dangerous nonsense. In light of long experience one may well be excused for fearing that the subject would not receive straightforward, full and intelligent discussion, in a national political campaign. The airing of sham issues, shrewd ad hominem argument, much politically careful and

(Continued on page 812)

Let's Thresh Them Out!

"The end of the present war, if it is fought through to military victory, will find an overwhelming concentration of power in one or two nations. That power, of course, will be a reality, the implications of which we cannot avoid. Our task will be to make it a beneficent reality. This requires that we use our power, not to perpetuate itself, but to create, support and eventually give way to international institutions drawing their vitality from the whole family of nations.

John F. Dulles

"The easy way will be for the victors to assume that the power they possess is so concentrated that peace can be assured by informal processes, not requiring permanent international machinery. The hard way will be for the victors to create international organs having the power to make decisions in which others will participate as a matter of right. Yet only this latter course can be expected to produce a durable peace."—John Foster Dulles.

One could easily obtain the impression from these sentences that Mr. Dulles is obsessed with mechanistic ideas about dealing with world problems. Yet here are some other observations by Mr. Dulles:

"Nothing would be more dangerous and conducive to new disaster than for our people to think that some treaty formula of high intent or some international organization or tribunal of high sounding name had all at once created an adequate and dependable system of world order."

(Continued on page 812)

International Security Conference In Progress; Sees Need For Organization To Enforce Peace

Brought under way on Aug. 21 at Dumbarton Oaks, a Georgetown estate at Washington, D. C., the International Security Conference was addressed by representatives of the United States, Great Britain and Russia, with Secretary of State Cordell Hull delivering the opening remarks.

In his address Mr. Hull made the statement that "the very character of this war moves us to search for an enduring peace — a peace founded upon justice and fair dealing for individuals and for nations."

Hon. Cordell Hull

He further said that "it is generally agreed that any peace and security organization would surely fail unless backed by force to be used ultimately in case of failure of all other means for the maintenance of peace. That force must be available promptly, in adequate measure, and with certainty. The nations of the world should maintain, according to their capacities, sufficient forces available for joint action when necessary to prevent breaches of the peace."

Ambassador Andrei A. Gromyko, chief Russian delegate, responding to Mr. Hull (we quote from the Associated Press), likewise emphasized the need for force capable of preventing a recurrence of world wars. While he stressed the responsibility for world security to be borne by the great Powers because of their strength, he said that the foundation of a world organization must be "the principle of the sovereign equality of all freedom-loving countries." Mr. Gromyko praised the United States Government for taking the initiative and said:

"The unity displayed by these countries in the present struggle against Hitlerite Germany and its vassals gives ground for certainty that after final victory is achieved these nations will cooperate in maintaining peace and security in the future as they are cooperating at the present time in saving humanity from enslavement by the Fascist barbarians. In this noble striving our countries naturally cannot but find support on the part of the other United Nations, big and small, which will be participants of the international security organization, which will be based on the principle of the sovereign equality of all freedom-loving countries and which will bear joint responsibility for the maintenance of peace."

Sir Alexander Cadogan, the British delegation's leader, like Secretary Hull and Ambassador Gromyko, it was noted by the Associated Press, emphasized the need for force and for fair treatment of small nations, but he declared additionally that "peace may come sooner than some expect," and that therefore the conference should move swiftly toward setting up some framework of future international cooperation."

Sir Alexander Cadogan in his remarks observed that "the discussions which open today arise out of Article A of the Declaration of Moscow, in the framing of which Mr. Hull played such a notable and prominent part."

From the Associated Press accounts from Washington, Aug. 21, we also quote:

"Both Mr. Hull and Sir Alexander Cadogan sought to reassure small nations as to their position in the projected world agency. It was on this point that Gov. Thomas E. Dewey, Republican presidential nominee, last week warned against big-Power co-

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From Washington Ahead Of The News

By CARLISLE BARGERON

Here is something that is quite funny and we are not trying to point any analogy. When Hitler, and, indeed, Mussolini got on the warpath there were business men in both countries who figured the popular outcry was misplaced, that they, these business men, understood these political leaders, understood what they were trying to do. They were only trying to bring order out of chaos, as the business men of these countries understood it. As a matter of fact, we have never heard such acclaim in our own country — up until the time —as was given Mussolini by American business men. He had put the workers in their place and it was truly amazing the efficiency which he had brought more to Italy, particularly to the railroad workers. He made the trains run on time.

Carlisle Bargeron

Undoubtedly we have written before about this, but the biggest shot in Washington in those days was a man who had no other importance at all: Congressman Sol Bloom. It seems that Sol's daughter, Vera, who only a few months ago wrote a book about what she has seen and heard and which we haven't read, got an entree to Mussolini in those early days, and every successful American business man with a socially ambitious wife who wanted to go to Rome and meet Mussolini, had open sesame if he got a letter from Sol. Nowadays, Sol doesn't like any part of Mussolini, being a broad-minded interventionist, an internationalist mind, a person who realizes that the "world has shrunk," and he who has had much more association with a Fascist than Ham Fish ever did, would like not to recall these days. Sol is what one might call a Progressive in that he moves on and grows up with situations.

Anyway, what we were getting around to saying, there were some American business men who thought that Industry was terribly wrong to look so askance upon Roosevelt as it did. These few men were more farseeing than the rank and file of American industrialists, just as was Thyssen in the matter of Hitler. Their fellows in Industry, as they saw it, were backward: being set in their ways they couldn't see the need of reform such as these fellows who decided to play ball, could see. We have wondered what has become of these far-seeing fellows.

First, there was E. H. Harriman, President, at the time, of the United States Chamber of Commerce. Mr. Harriman would be quite surprised to know what an influence he has had over the present labor relationship set-up which the country now enjoys. Mr. Harriman was president of the chamber when the New Deal came in. The one thing he wanted to do was to "take the chaos out

(Continued on page 816)

The State Of Trade

The changing panorama of military events in Europe in recent weeks has made it more urgent than ever before that the Government speed the machinery of reconversion to meet a situation that will increase in gravity rather than diminish as the compaign in the West reaches its ultimate goal. Reports and predictions of a speedy end to the battle for France have been uttered by both the military and high-placed Government officials. They are in close enough touch with current operations to know either at first hand or from accurate reports received just what is transpiring there. On the authority of the President and Prime Minister Churchill of England, along with General Eisenhower and General Montgomery, and a host of lesser lights, we are given to understand that the end of the war in Europe is close at hand. Why, then, one may ask, is there so much procrastination in getting our economic house in order to meet the problems of peace? Confusion between the supply department of our armed forces and the well-considered opinion of the head of the WPB exists as to the requirements necessary to carry the war to a fruitful conclusion.

Much has been said on the subject, but Brig. Gen. Leonard P. Ayres, Vice-President of the Cleveland Trust Co., in his current monthly business bulletin, sums up the matter by stating that the military's stubborn opposition to "even the beginning of reconversion re-emphasizes the need of a strong civilian agency like the WPB in war-time. Gen. Ayres expressed the opinion that reconversion was "inevitable" as soon as signs of German disintegration become apparent in Europe, adding that "the progress of reconversion will be slow, and the difficulties to be overcome will be numerous." Elaborating further, he pointed out: "The supplies of many essential materials will be small, and that will be particularly true in the case of steel, which nearly all manufacturers of civilian goods will need as a first requirement.

"These small beginnings of the reconversion of industry for peace-time production came into being only after a series of bitter controversies in Washington. The War and Navy Departments fought a long and losing battle against permitting even the beginnings of reconversion at this time.

"The stubborn tenacity with which the military services opposed any relaxation of controls emphasizes once more the necessity of having in this country in time of war a strong civilian agency like the WPB, which can mediate between the long-term peace requirements of the nation and the short-time imperatives of the war."

General Ayres stated that more than 18,000,000 persons are wholly engaged in war activities at present in excess of the number so employed in 1940. With the clouds of war clearing and cutbacks increasing in many industries, resulting in unemployment, the need for speedy action should be readily apparent to help soften the shock of our changing economy.

June Exports—Lend-lease shipments for June accounted for approximately 80% of the total exported merchandise, being $1,011,000,000 of a total of $1,271,000,000, the second highest monthly total in history. Total exports for the first six months of the current year rose to $7,204,000,000. They were higher than any previous semi-annual total and did not include shipments to United States armed forces abroad.

General imports for June amounted to $330,000,000, representing a decrease of 14% from May, but 12% above those for June, 1943. In the first six months of this year imports totaled $2,047,000,000, or an increase of 32% over the first half of 1943 and the highest semi-annual total since 1929.

Reciprocal Trade Pacts—The policy of reciprocal trade agreements was sharply criticized this week by Dr. John Lee Coulter, economic consultant and former member of the Tariff Commission. In pointing out his reasons for opposition to such a policy, he said the reciprocal trade agreements policy has failed not only to achieve it purposes but has meant a $2,000,000,000 to $3,000,000,000 revenue loss for the United States in the last 10 years. As a result, he stated, "it offers no basis for solution of our post-war international economic problems." Going back 10 years, he explained the reason for embarking on such a policy in the following words: "The Reciprocal Trade Agreements Act was hailed as a measure to provide employment, stimulate exports, create goodwill, preserve enduring peace and solve the economic ills of society. Study now discloses that, far from achieving these aims, the agreements resulted in just the opposite."

Citing the present conflict as an illustration, he said, was enough to prove it did not promote goodwill or preserve peace, since the volume of exports during the five-year period ended in 1939 averaged but 80% of the five years preceding 1929. Speaking of imports, he said they rose greatly, but the tariff reduction on more than a thousand items lost the Government an average of $200,000,000 in annual revenues.

New Security Issues in July—With the exception of May, 1944, corporate capital flotations for July made the best showing of any month since August, 1941. The month's total aggregated $211,244,801, compared with $120,377,691 in June, 1944, and $84,754,500 in July, 1943. The July financing is the more notable as it was accomplished in the three weeks following the successful conclusion of the Fifth War Bond Drive, which officially ended July 8. New money accounted for $57,327,813, or 27.1% of the total, whereas refunding operations absorbed the balance, $153,916,988, or 72.9%. Financing followed the trend of previous months, the greater portion falling under the refunding column.

Private sales in July showed a marked increase in both volume and number of individual issues, as compared with June. For July the total private sales aggregated $112,460,000, comprising 14 separate issues, and represented 55.1% of the total emissions. This compares with $57,224,590, or 47.5% of the June total. More comprehensive data on new capital flotations may be found in the Aug. 21, 1944, issue of the "Chronicle," on pages 761 to 763, inclusive.

Money in Circulation—For the first time in history circulation of money in the United States surpassed the $23,000,000,000 level during the week ended Aug. 16, the Federal Reserve System's weekly condition statement revealed. Gold stock in the same week showed the first week-to-week advance since Oct. 6, 1943, by advancing $2,000,000 from the level of the preceding week, which was the lowest since Sept. 11, 1940, to a total of $20,998,000,000. On Aug. 16 cash in the public's hands totaled $23,000,000,000, a record high, and an increase of $110,000,000 over the previous period. In a comparison with one year ago, monetary circulation was up $4,806,000,000.

Postal Savings—For the first time in the history of the post office savings department postal savings deposits from preliminary figures for June disclose that balances crossed the $2,000,000,000 mark, the figure being $2,033,000,000, compared with $1,994,000,000 at the end of May. The June increase makes the gain for the fiscal year $456,000,000, the largest of any year in recent history. A good portion of the increase ordinarily would have gone into savings banks, but owing to the fact that postal savings yield a return of 2% as contrasted to 1½% paid by many savings banks, depositors found this type of depository more profitable. In New York, according to the Postmaster, the system is attracting better than $1,000,000 monthly, and that more than half the depositors are Americans as distinguished from a predominance of foreign-born depositors in previous years. Mutual savings banks are far ahead as to volume of what the post offices are receiving, but the Government is developing into a formidable competitor. In the first six months of 1944 mutual savings banks in 17 States increased their deposits by more than $700,000,000. In this six months' interval the post office savings fund had a gain of $142,000,000.

War Bond Redemptions—In the first 14 days of August war bond redemptions amounted to $129,622,063, compared with sales of $147,292,098, the daily statement of the Treasury for Aug. 16 disclosed. The figure for bond redemptions without a doubt is excessive, but in the light of past experience it has been found that cashing of war bonds following the conclusion of a bond drive usually runs very heavy. For the current fiscal year beginning July 1 war bonds sales totaled $2,272,347,594 and redemptions $356,653,536.

Turning to the industrial front, it is noted that scheduled steel production for the week beginning Aug. 21 declined from 96% to 94.5%, while in the past week electric kilowatt output increased both for the week and one year ago. Crude oil production established a new high record, with the September oil rate increased by the Petroleum Administration for War to 5,051,000 barrels daily, the highest output ever certified to the various oil-producing States. Production of both bituminous and anthracite coal moved upward in the week, while lumber shipments declined 8.5% below the previous week. In the retail trade, department store sales for the country as a whole were 13% ahead of a year ago, and the same held true for New York City. Business failures advanced slightly the past week from 15 to 16, while stocks and bonds displayed a tendency to advance on the news of the invasion of Southern France.

Steel Industry—The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 94.5% of capacity for week beginning Aug. 21, compared with 96% one week ago. This week's operating rate is equivalent to 1,692,800 tons of steel ingots and castings, compared with 1,719,600 net tons last week and 1,732,500 tons one year ago.

Steel production declined the past week, occasioned by the heat and a high absentee rate. According to steel observers, this decline, despite the man-power shortage, would probably not have taken place had it not been for unprecedented hot weather, states the "Iron Age" in its current issue. A heavy influx of steel orders, notwithstanding news from abroad and the lifting of the ban on civilian goods production by the WPB, were additional highlights in the steel and allied industries this week. The ability of the industry to maintain such an operating level, the magazine continues, "is considered all the more important in view of almost insurmountable man-power and production difficulties."

Touching upon the order situation, the trade paper says "the decline in steel output comes at a time when practically all types of steel orders have been on the increase."

Estimates for the first 15 days of August indicate an order volume increase of as much as 10% with some companies, compared to the corresponding period in July. This has resulted in a push-back or further delay in deliveries on many steel items, according to "Iron Age." It seems rather paradoxical that the steel delivery situation is tighter than ever with so much talk of current military successes abroad and reconversion work soon to be undertaken. However, the problems of material and labor are factors to be reckoned with before production for civilian requirements attains any sizable figure. On the steel front the magazine indicates from reports that the large-scale shell program may be in for a temporary cutback, but should the war in Europe take longer than expected, output would have to subsequently be made up. Lack of shell-making equipment would prompt the above action, since manufacturers of this equipment are hard pressed to meet the demands made upon them.

The flat rolled situation, continues "Iron Age," "this week is in no better shape than it has been recently, and the sheet carryover is continually mounting. Any effort to work off these carryovers by boosting sheet output would only result in plate carryovers increasing." Continuing, the magazine reports: "In some areas flat rolled buying is said to be cautious, with a silght increase in cancellations. Mills are anxious to turn out every possible ton of steel before expected cutbacks later in the year materialize. Such an opinion, however, is predicated entirely on the belief that the European phase of the war will soon be over—an opinion which is still in the realms of speculation and is not factually supported by the heavy volume of steel orders, insistence of the armed forces for more production and the substantial backlogs now in the hands of steel and equipment producers."

Aircraft Workers—Major General Oliver P. Echols, Assistant Chief of the Army Air Staff, in an appearance before the Senate War Investigating Committee, stated that by July, 1945, the aircraft industry's working force would be cut by 294,000 workers. At the Ford Willow Run plant in Michigan production of Liberator bombers will be cut in half by next December. The reduction in employees and production, he added would be effected by the recent cutback in plane output occasioned by the fact that American losses of heavy bombers have been less than anticipated According to Major General Echols, since last June the Army Air Forces had reported to Government agencies $109,500,000 worth of surplus material, including $96,000,000 worth of aircraft, adding that of this total $4,000,000 worth has already been disposed of.

War Employment—In a presentation of labor's side of the war employment picture, R. J. Thomas, President of the United Automobile Workers (C. I. O.), stated that a survey just completed by the union showed a 16% decline in war plant employment.

(Continued on page 815)

President Returns From Pacific — Says Allies Will Occupy Germany And Japan After Surrender

Returning to Washington on Aug. 17 from his Pacific tour President Roosevelt declared that Allied armies will drive in and occupy Germany and Japan even should resistance collapse short of enemy borders. Noting that the President made the statement at a news conference aboard his special train as it approached Washington at a time when Allied forces were pushing ashore in powerful new landings on the southern coast of France, Associated Press advices from Washington added:

"This time," the President said, "Germany will not escape the military occupation which she dodged by the armistice in the first world war."

It was the first definite assertion that Germany and Japan would not be able to use the Allies' own war goal—unconditional surrender—to keep our forces out of their homelands, reported the Associated Press advices of Aug. 17, from which we also quote:

"Mr. Roosevelt met reporters of the Associated Press, the United Press, the International News Service and a representative of the four major radio networks as his train moved east from Seattle, where he ended his Pacific trip on Saturday. . . .

"The President's return to Washington spurred immediate speculation over the possibility of another meeting soon with Prime Minister Winston Churchill of Great Britain.

"It has been their custom since the war began to meet about once every six months and the last time they were together was last December. With the fighting in France rolling at its present pace, it seems logical to those close to governmental affairs to speculate that the two Allied leaders are to meet again in the not-too-distant future to plan a major war move.

"Mr. Roosevelt said that he knew nothing of internal troubles in Germany which can make us feel sure that the German war machine must blow up early. We hope that there will be more trouble inside Germany, he said, but that may turn out to be wishful thinking.

"He said that there is an interesting psychology study not only of the German people, but of their military command—a characteristic to throw up the sponge when their borders are menaced because they don't want Germany overrun. They quit before we got in the last time, he pointed out, but they won't be spared invasion this time. If we let them quit, he added, then the next generation will be told that Germany won the war.

"Turning to Japan, he said that the Oriental nation must be sealed off from the peace-loving world until she proves herself willing and able to live with peaceful countries. He called the Pacific campaigns—with the exception of Burma—our major responsibility, because we are stronger than our Allies, such as Australia and New Zealand.

"Amplifying the theme of his Saturday (Aug. 12) speech at Bremerton, Wash., Mr. Roosevelt said that permanent defenses must be spread the full Pacific length of the Americas to checkmate any future aggression. It is common sense, he continued, that we don't want anybody to get a foothold in Central or South America, any more than in North America.

"The President said that he knew of no urgent domestic issues awaiting his arrival in Washington. He has been in almost instanteous communication with the capital and with the war fronts in Europe since he left.

"He said that he intends to study pending legislation to set up post-war unemployment-compensation programs."

The same press advises also said in part:

"The President—back in Washington after a 35-day absence which took him to Hawaii and the Aleutians, where his ship skirted within 900 miles of Japanese territory—planned to discuss his Pacific tour as soon as possible with military leaders and Secretary of State Hull. He also will meet promptly with congressional leaders, he said, but he does not intend to make a formal report to Congress.

"The train trip back and forth across the country took the President into 21 states.

Leaving Washington the night of July 13, the Presidential party went to the Roosevelt home at Hyde Park, N. Y., one day, then moved West to Chicago, cut across Missouri and Kansas into Oklahoma, then swung West through Texas, New Mexico and Arizona to San Diego, where the train waited on a siding while Mr. Roosevelt made his July 20 acceptance speech to the Democratic National Convention before he sailed for Pearl Harbor. In Hawaii he and his military advisors coupled three days' war conferences with intensive inspections of land, sea and air fighting equipment and bases.

"It was there that he held his first meeting of the war with Admiral Chester W. Nimitz and Gen. Douglas MacArthur. From Pearl Harbor he went into the Aleutians, returning to the United States at Bremerton, Wash., where he spoke last Saturday from aboard the destroyer which brought him from Juneau, Alaska, to the Puget Sound navy yard.

"Coming back to the capital, the Presidential party traveled from Seattle through the Northwest to Chicago, then east to Washington, where the trip ended this morning.

"At noon today the President had a conference with Gen. George C. Marshall, Army Chief of Staff, and arranged a luncheon meeting for tomorrow with Senator Harry S. Truman of Missouri, his Vice-Presidential running mate. The luncheon will bring the two 1944 Democratic nominees together for the first time since their nominations a month ago.

"On his return to Washington the President was met by Secretary Hull, who spent half an hour conversing with Mr. Roosevelt at the station and en route to the White House."

The President's trip, it is stated, covered 15,000 miles.

N. Y. State Bankers Encourage New Farming Methods

To encourage New York State farm youths in projects for the advancement of sound farming methods, the New York State Bankers Association will distribute project achievement emblems to 55,000 New York boys and girls in 55 agricultural counties during the next few weeks, according to George J. Sluyter, Chairman of the Association's Committee on Agriculture, and President of the First National Bank of Herkimer. This year's insignia, made up of white felt imprinted in green, are wartime substitutes for the gold, silver, and bronze pins the Association has been awarding each year since 1927. Each achievement award signifies the successful completion of a year of 4-H work in a project supervised and approved by a county 4-H leader. Since the war, according to Mr. Sluyter, there has been a steady increase in the number of 4-H achievement winners. The 1944 total of 55,000 is more than double the number in 1940 and 5,000 higher than last year. The increase is attributed to greater 4-H club-project activity on the part of farm boys and girls and also, in part, to the large number of city children who have become eligible for achievement awards by raising Victory gardens and chickens and carrying on home economics projects.

Dewey Alarmed Lest International Peace Organization Dominate World By Force

Gov. Dewey of New York, Republican Presidential nominee, made clear on Aug. 17 his views as to an international organization to maintain peace, declaring that "in the kind of permanent world organization we seek, all nations, great and small, must be assured of their full rights."

"For such an organization," he asserted, "military force must be the servant not the master. Only thus can we achieve the fellowship of people which is the essence of lasting peace."

"It would be a tragedy," Gov. Dewey went on to say, "if the coming conference among the British, Russians, Chinese and ourselves should be distracted from the task of planning for a genuine world organization for peace by proposals which amount merely to a permanent four-power military alliance to control the world."

Gov. Dewey's remarks were made in advance of the International Security Conference which opened on Aug. 21 at Dumbarton Oaks, Georgetown (Washington), an item regarding which appeared in our issue of Aug. 17, page 687.

While terming it as "good" that representatives of the British, Russian, and Chinese Governments were to meet with our State Department for discussion of an international organization, Gov. Dewey expressed himself as "deeply disturbed" by some of the reports concerning it, indicating, he said, "that it is planned to subject the nations of the world, great and small, permanently to the coercive power of the four nations holding this conference."

In seeking to "make clear some fundamentals as I see them," Gov. Dewey stated that "the problem of future peace has two aspects. One relates to Germany and Japan. They must, of course, be wholly and conclusively defeated. More than that, they must be rendered permanently powerless to renew tyranny and attack." According to the Governor the responsibility "to keep Germany and Japan disarmed should be shared with liberated peoples, but it cannot immediately be delegated to a world-wide organization while such organization is yet new and untried." Gov. Dewey further said that "the fact that we four have developed overwhelming power as against our enemies does not give us the right to organize the world so that we four will always be free to do what we please while the rest of the world is made subject to our coercion. That would be the rankest form of imperialism."

In giving out his formal statement at Albany, advices from that city to the New York "Times," by Warren Moscow, reported the Governor as saying: "You may state that this represents the attitude of the Republican Party." Under date of Aug. 17, Secretary of State Hull was indicated by the Associated Press as terming "utterly and completely unfounded the concern expressed by Gov. Dewey lest the 'big four' powers dominate the earth by force."

Gov. Dewey's statement of Aug. 17 follows:

Text of Dewey's Statement

Simultaneously with smashing military victories which bring the day of peace ever nearer, it is good that representatives of the British, Russian and Chinese Governments will meet shortly with our State Department for preliminary discussion of a permanent international organization to maintain the peace.

Partial proposed plans have already been made public by the American, British and Russian Governments. The American people are agreed upon the need for world organization. It is a bipartisan objective. It has been repeatedly urged by the Republican Party and its leaders. The future of the world will depend upon the ideals, the sound thinking and the justice of the results achieved at these conferences.

I have been deeply disturbed by some of the recent reports concerning the forthcoming conference. These indicate that it is planned to subject the nations of the world, great and small, permanently to the coercive power of the four nations holding this conference.

In order that there may be no misapprehension, I should like to make clear some fundamentals as I see them. The problem of future peace has two aspects. One relates to Germany and Japan. They must, of course, be wholly and conclusively defeated. More than that, they must be rendered permanently powerless to renew tyranny and attack. Their defeat will be achieved primarily by the united power of Britain, Russia, China and the United States. To insure that Germany and Japan shall never again be able to disrupt the peace of the world, these four Allies must maintain their present unity.

I have consistently advocated the maintenance for some time after the war of close military cooperation among the Four Powers, so that if the Germans or the Japanese hereafter seek to evade their disarmament we may strike quickly, together and with overwhelming might. That is a specific responsibility of the victors. It is an essential part of the winning of the war. This responsibility to keep Germany and Japan disarmed should be shared with liberated peoples, but it cannot immediately be delegated to a world-wide organization while such organization is yet new and untried.

In organizing permanent peace among the rest of the world, after the difficult post-war period, a very different attitude must be taken. In some of these proposals there appears to be a cynical intention that the four great Allied Powers shall continue for all time to dominate the world by force and through individual agreements as to spheres of influence. I hope and pray that no such reactionary purpose will be allowed to dominate the conferences, else the peace of the world will as surely as night follows day again be destroyed.

The fact that we four have developed overwhelming power as against our enemies does not give us the right to organize the world so that we four shall always be free to do what we please, while the rest of the world is made subject to our coercion. That would be the rankest form of imperialism. Such a proposal would be rejected by the American people.

Within the area of peace-loving nations, peace is a task of cooperation among equal and sovereign nations. Force is essential in any realistic program for the permanent maintenance of peace. But in the long-term solution of international problems peace and security cannot be left to the sanction of force alone. To leave them exclusively in the hands of a permanent military alliance of four victorious powers would be immoral. It would be a denial of the ideals for which we are fighting.

The millions of Americans are not fighting and dying to dominate the world or impose our will upon freedom-loving people. We are fighting for our own freedom and to establish once and for all the rights of people everywhere to live in peace and freedom, safeguarded from the coercion of more powerful nations.

As Americans we believe with all our hearts in the equality and the rights of small nations and minorities. We believe in the essential equality and dignity of the individual wherever he lives. We believe in his right to freedom as well as our own. We do not believe that we, or any other power, have the inherent right to control his destiny. We are fighting this war to a victorious conclusion for these very principles. They must not be lost in a cynical peace by which any four powers dominate the earth by force.

We must not sink into the abyss of power politics. We must rise to a new high level of cooperation and joint effort among respected and sovereign nations to work for and to preserve the peace of the world through all the years to come, based on freedom, equality and justice.

The kind of world organization we seek must concern itself with the basic causes of world disorder. It must promote a world opinion that will influence the nations to right conduct. It must develop international law. It must create an international tribunal to deal with international disputes.

In the kind of permanent world organization we seek, all nations, great and small, must be assured of their full rights. For such an organizatioin, military force must be the servant, not the master. Only thus can we achieve the fellowship of peoples which is the essence of lasting peace.

It would be a tragedy if the coming conference among the British, Russians, Chinese and ourselves should be distracted from the task of planning for a genuine world organization for peace by proposals which amount merely to a permanent four power military alliance to control the world.

Easy Transition From War To Peace-Time Operations In Textile Industry Forecast By Bell

A relatively easy transition from war to peace-time operations in the textile, garment and allied industries, together with potentialities of a peace-time turnover of textiles and textile products exceeding by a considerable margin that of the pre-war years, were forecast in Chicago by W. Ray Bell, President of The Association of Cotton Textile Merchants of New York, on Aug. 17. Mr. Bell predicted expanded peace-time markets for textiles and their products, although warning of the necessity for greater ingenuity in the garment trades, in a discussion at the War and Post-War Conference of the Associated Garment Manufacturers and Suppliers at the Palmer House. He appeared with Donald B. Tansil, Vice-President of Pepperell Manufacturing Co., representing the textile merchants, in an "Industries Town Meeting" forum session of merchants and garment manufacturers.

Quoting a recent statement of Donald M. Nelson of the War Production Board that reconversion in textiles should not be difficult, Mr. Bell stated that he was in full agreement with this view. He pointed out that most textile products used for war are not greatly different from those going into civilian channels, and said that the physical change-over in both mills and garment factories should be readily accomplished. Mr. Bell noted that war requirements had cut deeply into textile supplies and that with stocks depleted in many directions a heavy demand has been built up. He emphasized that supplies for home furnishings and for industrial purposes had become particularly deficient. Clothing stocks while frequently lighter have been replenished more often, however, and it was for this reason that he held the garment trades must show originality in fabric selection, design, styling, and merchandising.

For the longer term post-war prospect, Mr. Bell expressed optimism based on fundamental demand conditions. Basically, he said, the rise in population to nearly 140 million consumers together with the high rate of wartime marriages and births, and extensive post-war home-making requirements will provide the groundwork for a larger distribution of all kinds of textile products. This should run materially in excess of the nation's experience before 1940. Public savings during the war period of more than $100,000,000,000 provide a large reserve of spending power. It has been the experience of the nation in the past that when the people have money they spend it for the things they need.

The long record of cooperative effort between the cotton goods selling houses and the garment trades was cited by Mr. Bell, dating back through the 1930's to the late 20's when joint efforts were successful in checking competition of prison-made goods, forestalling restrictive legislation among the States, and in establishing sound marketing principles under the Worth Street Rules. Mr. Bell stressed the necessity for maintaining firm contractual relationships after the war in the interest of the entire industry. He foresaw a broad field of cooperative effort along constructive lines between the selling agencies of textile mills and the garment trades in such mutual problems as arise in the transition and post-war periods.

Urges Banks To Use ABA Services More

To encourage bankers to make fuller use of the varied services of the American Bankers Association which are of value to banks, A. L. M. Wiggins, President of the Association, has had prepared a booklet, "At Work For Your Bank," which describes briefly under appropriate headings the work of the Association's many departments. This booklet has been mailed to every banking institution in the United States. In a letter to bankers accompanying the booklet, Mr. Wiggins, who is President of the Bank of Hartsville, Hartsville, S. C., said that there are probably bankers throughout the country who are not aware of many of the activities of the ABA and do not know of some of the services performed by the organization. "Even members of committees and commissions are sometimes unaware of activities of the Association in fields in which they are not directly interested," he added. Mr. Wiggins also said:

"The more I have observed the work of the ABA, the more impressed I am by the wide scope of its activities, the thoroughness with which every phase of banking is continuously studied, the care with which its problems are analyzed and the intelligent effort that is made to serve the needs of chartered banking. The Association is thoroughly organized in its staff, commissions, committees and councils, but without overlapping or duplication. No matter what problem arises, there is a specific group charged with its handling, and one or more members of the staff, who are best qualified, responsible for action.

"I would like for all bankers to know more about its operations. There are many services the ABA performs that would be of value to individual banks if the bankers utilized them. There are many other services of value that all member banks receive more or less automatically."

Let's Thresh Them Out!

(Continued from first page)

"The present great need is to bring the nations into closer association with each other in relation to the matters which give rise to conflicts of desire between them."

* * *

It is "essential to any just and durable peace that nations like the United States, which disproportionately control the natural resources of the world, develop the will and find the effective way to permit these resources to service the basic economic needs of others."

* * *

It is difficult to be certain of the precise meaning of a number of these sentences, and without interpretation one must be excused for certain doubts.

But can we not thresh these things out in the next few months?

The Financial Situation

(Continued from first page)

canny use of analogy, metaphor, and slogans, shameless appeals to prejudice, and all the rest could and doubtless would leave the situation in a muddle as similar treatment would leave any other subject. The remedy is, however, not to be found in either silence or pretense, but in a determination to keep the discussion upon a high level and to make the campaign the occasion for stimulating a full and final decision by the people themselves.

"Unity?"

It would be folly of the first order of magnitude to suppose or to pretend that there is any general line of post-war foreign policy which has, or ever will have, the full endorsement of virtually every intelligent man and woman in the United States. No such condition ever existed in this or any other country—and probably never will. In that sense there is no "unity" among us now or among any other people where individuals are accustomed to have opinions of their own. To pretend that there is such unity as this amongst us would deceive no foreign government in the world. If we approach some such state of mind concerning the fighting and winning the war we should be well satisfied. There is no sense in seeking it about peacetime policy—and we should without question be much worse off—not better off—if such a condition should arise. It could only mean that we had stopped thinking.

We must, therefore, begin this campaign discussion with full and open recognition of the fact that we are no more universally agreed about post-war policies than are the people of the British Isles. We should be well within the facts if we should add that probably not one man or woman in 10 has really given the subject more than passing thought—although a larger proportion than that may be "lined up" (for the time being) behind this, that or the other political or popular figure, and may suppose that they have carefully considered the issues involved. A third generalization would clear the air further if understood and accepted. It is that no one, either the present Administration or any one else in this wide world, has evolved any line of policy or of action which the American people could reasonably be expected to support without careful scrutiny and prayerful consideration—to say the least. What appears to be the assumption in many quarters, that the nature of "our blunders last time" is clear and unmistakable, and that our proper course of action in the future is beyond any sort of debate, must be rejected at the outset.

The Real Problem

The problem is not that of persuading, cajoling, or bludgeoning the people of the United States into supporting any foreign policy already worked out by the powers that be. The real task is that of determining what our foreign policy should be after the war is over, and it is to this task that Governor Dewey could contribute greatly in the coming campaign. We say Governor Dewey merely because the Administration and the Secretary of State appear so far to have committed themselves to certain broad lines of policy that about all that they are in a position to contribute is a dispassionate defense of their broad programs. This, however, would be a real contribution, since it would stimulate the kind of discussion that is needed, and with the cooperation of Governor Dewey provide an enlightening and exceedingly helpful debate on some of the most important of modern-day problems.

In a great many quarters there appears to exist in this country a notion that international peace machinery is what is needed to prevent future wars, and that such machinery if only it is wisely designed can accomplish this most laudable purpose. This entire concept should receive the most searching examination during the coming campaign. If this idea be unfounded, if far too much is expected of mechanisms, as we strongly suspect is the case, then it is to the advantage of all to come to a full realization of the fact at as early a moment as possible. If there are fundamental causes of these recurrent wars which mere peace machinery is not likely to be able to cope with, then let us face the fact now. At least let us during the months to come play the light of discussion and inquiry upon the subject, not argumentatively or for partisan advantage, but dispassionately and intelligently as a physician proceeds with a difficult diagnosis.

World Politics, Old and New

There are many informed men and women in this country who find it very difficult to see a great deal of difference between some of the plans said to be under discussion and the age-old techniques of world politics, or power politics. No one need expect any nation in this day and time to admit imperialistic designs, certainly not in view of the sensitiveness of the American (from whom all want post-war favors) on the subject. The fact is, however, that the three powers which will emerge from this war vastly more powerful than any others on the globe can, if they choose—and do not fall out among themselves—do about what they please, at least for a very considerable period to come. Assuming no irreconcilable difference among them, it is conceivable at least that for a number of decades a sort of Pax Britannica - Americana-Russiana might prevail throughout the world.

But there are millions, yes, hundreds of millions, of people throughout the world who have more recently come to national maturity, or even now have only partially reached that stage. They are Hitler's "Have-Nots." They can not be merely forgotten or ordered to be quiet. The problems of this world are not nearly so simple as a great many would have us believe.

Is it not possible to have a full, free, dispassionate discussion of these matters during the next two or three months?

Gov. Dewey Says Wartime Restrictions On Labor Must End With Victory On Fighting Fronts

In a proclamation designating Monday, Sept. 4, as Labor Day, Gov. Thomas E. Dewey of New York urged labor to make sure not to pause for a moment in our efforts "to provide the fighting fronts with all they need and more," so that "by the next Labor Day there will be an end to the wartime restrictions which have been imposed on labor." "These restrictions," he said, "if left in the hands of Government, could destroy the institution of a free American labor movement and totally end the right of collective bargaining."

Commending men and women of the labor forces "for the patriotic manner in which they have responded to the challenge of the enemies of liberty," Gov. Dewey at the same time observed that "since Pearl Harbor there has not been a single major strike in New York, not one serious interruption in production." The Governor's proclamation follows:

"The stirring news of victory on the fighting fronts is cause for pride not only in the theater of war but on the home front. Without the superb cooperation of workingmen and women here at home it would have been impossible to send out our magnificently equipped armies to attack the enemies of freedom.

"In this all Americans may rejoice and take pride, but particularly the workingmen and women of America who are making our fighting men the weapons with which they are giving us victories.

"In New York we take special pride in the patriotism of labor. Since Pearl Harbor there has not been a single major strike in New York, not one serious interruption in production. The fruits of this peace on the home front are being harvested on the plains of Tuscany, Normandy, Brittany and Provence, as well as on the far-flung islands of the Pacific.

"There is, therefore, an extraordinary pleasure in greeting the men and women who have contributed so much on the occasion of this year's celebration of the day dedicated to labor by time-honored custom and by right.

"Let us make sure — by not pausing for a moment in our efforts to provide the fighting fronts with all they need and more—that by next Labor Day there will be an end to the wartime restrictions which have been imposed upon labor. These restrictions, if left in the hands of Government, could destroy the institution of a free American labor movement and totally end the right of collective bargaining.

"Now, therefore, I, Thomas E. Dewey, Governor of the State of New York, do hereby designate Monday, Sept. 4, as Labor Day and I urge all the people of New York State to join on that day in expressing their appreciation to the men and women of the labor forces for the patriotic manner in which they have responded to the challenge of the enemies of liberty."

Railway Employees Total 1,442,623

The number of employees of Class 1 railroads of the United States, as of the middle of July, 1944, totaled 1,442,623, an increase of 3.72%, compared with the corresponding month of 1943, but a decrease of 0.29% below June, 1944, according to a report just issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

A gain over July, 1943, is shown in the number of employees for every reporting group. The percentages of increase are:

Executives, officials, and staff assistants, 3.89; professional, clerical, and general, 4.15; maintenance of way and structures, 6.14; maintenance of equipment and stores, 3.71; transportation (other than train, engine, and yard), 4.00; transportation (yardmasters, switchtenders, and hostlers), 5.31, and transportation (train and engine service), 0.75.

Life Ins. Benefits Used To Provide For Future

American families last year used $424,000,000 of their life insurance benefits to provide income for future years under policy privileges, according to the Institute of Life Insurance. During the year, 38% of all ordinary and group death benefits and maturing endowments went into these future income plans. "This is the largest aggregate ever used in one year to set up income plans," the Institute said, "and it brings to over $1,000,000,000 the amounts used in this way since the start of the war. It is clear evidence of the thrift-mindedness of the American people. They showed great thrift in setting up the plans initially and maintaining them over the years. They again demonstrated their thrift and foresight in placing these funds under future income plans."

The use of the income plan is of relatively recent development on an extensive scale, the Institute reports, and yet at the end of 1943, the policyholders of the country had set aside over $2,500,000,000 with their life insurance companies from benefit payments coming due, to be used as future income under either personal or family income plans. These plans are now paying out to policyholders a large aggregate, the income instalments paid to policyholders during the past year amounting to $248,000,000. The Institute also stated:

"These income payments reflect the important shift in viewpoint towards life insurance in recent years, from a consideration of aggregate sums involved to a concept of use in terms of income. "Hundreds of thousands of families are now receiving income payments under these insurance plans which are growing in numbers every year."

While the income plans set up in 1943 represented 38% of the benefit payments subject to such use, as recently as 1929 they amounted to only 10% of such benefits and in 1920 only 5%, the Institute estimates. The aggregate of benefits has grown materially in the intervening years and the proportion used to establish income plans has multipled this increase. The amount used last year for income plan purposes was some twenty times the aggregate so used 25 years ago.

37,985 Freight Cars And 608 Locomotives On Order

The Class I railroads on Aug. 1, 1944, had 37,985 new freight cars on order, the Association of American Railroads announced. This included 12,417 hopper, 3,797 gondolas, 542 flat, 16,451 plain box cars, 2,160 automobile box cars, 2,118 refrigerator, and 500 stock freight cars. On Aug. 1, last year, they had 27,795 cars on order.

The roads also had 608 locomotives on order on August 1, this year, which included 172 steam, two electric and 434 Diesel locomotives. Total on order Aug. 1, 1943, was 1,014, which included 485 steam, four electric and 525 Diesel locomotives.

The Class I railroads put 18,774 new freight cars in service in the first seven months this year compared with 12,030 in the same period last year. Those installed in the first seven months included 9,744 hopper, 1,741 gondola, 973 flat, 1,348 automobile box, 4,722 plain box, and 245 refrigerator freight cars and one other car.

They also put 579 locomotives in service in the first seven months of 1944 of which 211 were steam, one electric and 367 Diesel. Locomotives installed in the first seven months of 1943 totaled 343, of which 230 were steam, 14 electric and 99 Diesel.

FHA Example Of Cooperation Between Gov't And Private Enterprise, Says MBA

Post-war planners looking for a working formula for good relations between private enterprise and the federal government were advised on June 24 by H. G. Woodruff, Detroit, President, Mortgage Bankers Association of America, that they might well direct their attention to the first decade's operation of the Federal Housing Administration which, he said, seems to have earned the right to be called "the best of all the New Deal agencies." Woodruff's statement congratulated FHA on its first ten years' operations which end next week (i.e., June 27th).

One of the most significant factors in FHA's success, Woodruff declared, was that it has been consistently lucky in the personnel it has been able to attract. As a group, FHA personnel, from the commissioner on down, constitutes as good an example as we can find in government today of capable civil servants, he said. Those who for years have contended that one thing American government needs is a better type of civil servant, may well study FHA's experience, Mr. Woodruff added.

Mr. Woodruff pointed out FHA's record is impressive by any standards. In its first decade ending June 27, it has attracted more than 7½ billion dollars of private funds to its insured mortgage program, has enabled about 1,350,000 families to build or buy homes, has provided better housing for more than six million families, is now paying all its operating expenses in connection with mortgage insurance and has a reserve of more than 81 million dollars to pay any losses that occur. It has popularized the amortized mortgage, established excellent appraisal, home planning and construction standards and today is taking the lead in holding the line against inflation in real estate by refusing to recognize abnormal values for appraisal purposes.

FHA, however, faces the danger that in the post-war period "social planners" may seek to capitalize on its good record and efficient organization by combining it with public housing schemes which have nothing to do with the original basis of the insured mortgage system, Mr. Woodruff said.

Fitzpatrick Succeeds Farley As N. Y. State Democratic Chairman

James A. Farley, who resigned early in June as Chairman of the Democratic State Committee, was tendered a testimonial dinner at the Hotel Waldorf-Astoria in New York, on July 10, those paying respects to him, it was noted in the New York "Times" of July 11, including, among others, "Democrats who opposed him at party conventions and who tasted defeat at his hands; Democrats who believe President Roosevelt should be renominated for a fourth term, and Democrats who believe with Mr. Farley that the nomination should go elsewhere this time." According to the "Times," speakers for the occasion included Bernard M. Baruch, one of President Roosevelt's closest advisers; Owen D. Young, industrialist, farmer and arbiter of international disputes; Secretary of Labor Frances Perkins, who entered the Roosevelt Cabinet with Mr. Farley 11 years ago; Edward J. Flynn, National Committeeman from New York, who succeeded Mr. Farley as National chairman and who has fought the State chairman on several occasions; Maurice A. Fitzgerald of Queens, who recalled that the retiring chairman was the first to recognize the growing strength of Queens, and James J. Butler of Jefferson County, who remembered that Mr. Farley was never too busy with the affairs of large population centers to consider the problems of rural Democrats. Former Mayor James J. Walker was toastmaster.

On July 11, Paul E. Fitzpatrick was elected, without opposition, to take the post vacated by Mr. Farley as Democratic State Chairman. From the "Times" of July 12, we quote:

"By resigning from the chairmanship within three months after his re-election (in April) for a two-year term, Mr. Farley, who opposed President Roosevelt's renomination to a third term, relieved his political associates of any embarrassment that might follow opposition to a fourth term. Although Mr. Farley made no mention of his future political plans in his formal resignation, he is known to be planning to attend the Democratic National Convention in Chicago next week. In April, at the time of his re-election as State chairman, he was also named a delegate-at-large from New York to the convention."

Mr. Farley had served as State chairman for 16 years.

Dewey Reports Unity Of Thought At Conference Of Republican Governors In St. Louis

With the conclusion of the conference in St. Louis on Aug. 4 of the 26 Republican Governors, Gov. Thomas E. Dewey, Republican Presidential nominee, at whose instance the conference was held, stated that one of its important results "was the unity of thought between the Governors achieved by two days of hard work and discussion." The remarks of Gov. Dewey, relative to the conference, as given in advices from St. Louis to the New York "Times" by Warren Moscow follow:

"The conference was called to attempt to solve the area of conflict between the National and State Governments which has been so wasteful and injurious to effective government and to the war effort. The conference has been a complete success. Republican Governors representing three-quarters of the population of the country reached unanimous agreement on the subjects which have created so much confusion in the last twelve years.

"I can say without hesitation that the quarreling and bickering which has lasted for 12 years between the National and State Governments will come to an end with the election of a Republican administration.

"One of the important results of the conference was the unity of thought between the Governors which has been achieved by two days of hard work and discussion. There were 26 different points of view represented, of course, and different sectional points of view.

"By the end of the conference, every Governor agreed to every statement of policy, which will be a tremendous contribution to the effectiveness, efficiency and the capacity of our Government to render service to the people of the whole country.

"The nation is indebted to the sacrifices made by these Governors in traveling the distances they did for this conferences and making the meeting momentous in that every Republican Governor was present.

The tremendous hard work for the past two days has borne very fine fruit. The net result has been that one of the most vexatious problems which face the country has been settled as a matter of national policy by our party and to the complete satisfaction of the Governors representing three-quarters of the people."

The conference resulted in the adoption of a statement of policy embodying 14 points bearing on reconversion, labor, taxation, social welfare, etc. A reference to the conference appeared in our issue of Aug. 3, page 521, in which it was noted that he would also make brief stops at cities other than St. Louis. On Friday issue of Aug. 3, page 521, in anapolis, Ind., to confer with Ralph Gates, candidate for Governor, and Homer Capehart, Republican nominee for United States Senator.

It is also stated in press advices that in Pittsburgh, Springfield, Ill., and St. Louis, Dewey conferred with political leaders and spokesmen of racial groups, industry, labor and agriculture. His meetings with labor were largely American Federation of Labor affairs. The Congress of Industrial Organizations evidently prefers to talk politics with the Democrats.

Savings Bk. War Bond And Deposit Increase

Sales of War Bonds during the Fifth War Loan Drive by the 131 mutual savings banks of New York State amounted to over $57,000,000, according to figures released by the Savings Banks Association office. This total was made up of June sales of $30,350,000 and July sales of $26,900,000 and brings total War Bonds sales for the first seven months of 1944 to $165,268,634. It is further stated by the Association that the deposits continued to increase during July with a gain of $52,201,632 bringing the total deposit liability to another new high of $6,623,076,186. Similarly the number of accounts open were increased to 6,378,600 by a July gain of 22,599.

After Oct. 1st, it is expected that the savings banks will offer the additional service of the immediate redemption of War Bonds in accordance with the regulations now being worked out by the Treasury Department. Details of the plan, which will round out the War Bond sales and safekeeping program of the savings banks, are expected to be announced around Sept. 1st.

Mail Service Extended In Italy

Postmaster Albert Goldman of New York announced on Aug. 16 that information has been received from the Post Office Department that civilian mail service is resumed between the United States and the Italian provinces of Aquila, Campobasso, Chieti, Frosinone, Littoria, Pescara, Rome and Teramo. Mr. Goldman's announcement says:

"For the present only personal correspondence will be permitted. No commercial, financial, or business communications, and no checks, drafts, securities or currency may be sent. Registration, insurance, air mail, parcel post and money order service will not be available at this time. The weight limit for letters is 2 ounces. The letters (including post cards) are subject to censorship.

"Mail service was previously extended to Sardinia, Sicily, the Italian provinces of Avellino, Bari, Benevento, Brindisi, Catanzaro, Cosenza, Lecce, Matera, Naples, Potenza, Reggio Calabria, Salerno and Taranto; also the City of Rome and Vatican City State."

Ford Sees Post-War Leadership Up To Youths Should Not Be Satisfied With Armistice

"Plenty of trade on an equal basis is the answer to maintaining amity between Nations," according to Henry Ford, who at the same time predicted a tremendous expansion in post-war agriculture. His opinions were voiced in a press interview on July 29—the eve of his eighty-first birthday. The Detroit "Free Press," in quoting Mr. Ford to the foregoing effect, also quoted him, in speaking optimistically of the future of the United States, as saying:

"There is nothing to fear. We are learning the right ways of educating our youth, for they must use their hands as well as their minds. We have just about everything we need in the raw state. All we have to supply are our minds and our work.

"A lot of people seem to be worrying about jobs, but a job is just a mathematical way of dividing up the work that has to be done, and there is plenty of work for everybody."

The leadership of the post-war world is up to the youth of the nation. "We'll get the biggest help from returning service men. The longer we work, the more we realize that our families, our homes and what we learn from experience are what matter most. Nobody knows that better than the men in the service."

The Associated Press accounts from Detroit, July 29, also reported Mr. Ford as saying that "we should not be satisfied with an armistice" to end the present war, but should "pull aside the curtains and see to it that the real causes for war are exposed."

In the same advices Mr. Ford, it was stated, visualized a "great age" ahead, "if we apply what we have learned and mix it with plenty of hard work."

He declared also that commerce through the air and over vastly improved world highways would make international boundary lines unnecessary, and in part said:

"Once we get back to normal work, we are going to make a lot of improvements in automobiles and airplanes. When we start trading through the air and over world highways you will see boundaries that seem important become as unnecessary as a line between us and Canada or the one between us and Mexico."

Manuel Quezon Dies Philippine President

High-ranking civilian and military officials of the U. S. Government attended burial rites in Arlington National Cemetery on Aug. 4 for Manuel Quezon, first President of the Philippines, who died on Aug. 1 at Saranac Lake, N. Y., a victim of tuberculosis. A requiem mass was celebrated for President Quezon at St. Matthew's Cathedral, attended by not only those prominent in official, Army and Navy circles, but also by members of the Philippine Cabinet, including President Sergio Osmena, former Vice President, who was sworn into office following President Quezon's death.

President Quezon, who fled from his native Luzon in a submarine on Feb. 20, 1942, after the Philippines fell to the Japanese, was 65 years of age. He went to Saranac late last spring.

At the time of the approval by President Roosevelt on June 30 of the legislation promising Philippine independence, President Quezon issued a statement from Saranac, saying he had supported an original draft of the legislation, as introduced by Senator Tydings (Dem., Md.), to grant Filipino independence outright within 30 days after its passage; he was said however to have implied that he favored a more definite statutory provision for the Islands' independence date.

In Associated Press advices from Washington Aug. 1 it was stated:

Long a disciple of Philippine independence, Mr. Quezon cast his lot with the Americans when the Japanese invaded his homeland. Previously, he had opposed occupation by both Spain and the United States.

Since his arrival in the United States he had used his waning energy to bring about defeat and ouster of the Japanese. He told the United States Senate he hoped America would adopt a new war slogan—"Remember the Philippines."

Reporting his activities in behalf of the Philippines, the New York "Sun" of Aug. 1 noted that he was a law student when the United States drove the Spaniards out of the islands in 1898, at which time he joined the rebel forces of Emilio Aguinaldo and became chief of staff in the fight against the United States until the movement collapsed. The "Sun" added:

After going back to his law studies, he climbed rapidly in politics, becoming one of two resident commissioners for the Islands in Washington in 1909, and President of the first insular Senate in 1916, the highest elective office a Filipino might attain under the American regime. He held that office until 1928.

He was given credit for the preamble of the Jones Act of 1916, which abolished the Philippine Commission and stated it was the purpose of the people of the United States "to withdraw their sovereignty . . . and to recognize their independence as soon as a stable government" could be established.

Mr. Quezon's life dream, independence for the Philippines, appeared to be a certainty in 1935 when a plebiscite held in the islands approved the Tydings-McDuffie Act guaranteeing freedom after a ten-year transition period and on Sept. 17 of that year Mr. Quezon was elected first President of the Commonwealth.

President Quezon left his beloved Philippines in March, 1942, at the request of Gen. MacArthur. He traveled aboard a PT boat commanded by the naval hero Lieut. John D. Bulkeley. It was a hard decision for Quezon to make, but it was MacArthur, coming to the Philippines in 1935, who had transformed the Islands' militiamen into rounded soldiers, and it was MacArthur on whom the President leaned.

The voyage to Australia, begun in a submarine in the harbor of Manila, was taxing on the aging Quezon, but he paused only long enough in Australia to confer with MacArthur before traveling on to Washington to set up the Philippine Government in Exile. He arrived in this country on May 8, 1942, and immediately set up his Government.

Mr. Quezon's term as President of the Philippine Commonwealth was to have ended last November, under the Filipino law which makes eight years the maximum tenure, but a joint resolution of Congress extended his term until civil rule could be reinstituted in the islands.

From Advanced Allied Headquarters, New Guinea, Aug. 2 the Associated Press said: Gen. Douglas MacArthur, commenting today on the death of Philippines President Manuel Quezon, said:

"President Quezon's death will be a great shock to the people of the Philippines, who so keenly anticipated his return to Manila. He was the very apotheosis of the aspiration of the Filipinos for the higher things of life. A great liberal, his fame and glory will increase as his policies gradually approach fruition. I mourn him."

International Security Conference Opens; Sees Need For Organization To Enforce Peace

(Continued from first page)

ercion. Gov. Dewey later designated John Foster Dulles, his adviser in international affairs, to come here for conferences with Mr. Hull on the Dumbarton talks. Mr. Dulles will arrive Wednesday.

"'It cannot be emphasized too often,' Mr. Hull said, 'that the principle of sovereign equality of all peace-loving States, irrespective of size and strength, as partners in a system of order under law, must constitute the foundation of any future international organiaztion for the maintenance of peace and security.'

"Sir Alexander Cadogan said of the large-and-small nations issue that 'our problem is to construct a machine which will give to each of them the responsibilities commensurate with its powers.'

"'No one wishes to impose some great Power dictatorship on the rest of the world,' he declared, 'but it is obvious that unless the great Powers are united in aim and ready to assume and fulfill loyally their obligations, no machine for maintaining peace, however perfectly constructed, will, in practice, work.'"

According to the press advices the first session of the conference on Aug. 21 lasted about 35 minutes. These advices added:

"It covered only the three speeches plus picture taking. The first business session of Ambassador Gromyko, Sir Alexander Cadogan and the chief of the American delegation, Undersecretary of State Edward R. Stettinius Jr., was scheduled for tomorrow morning.

"At the opening Secretary Hull sat at the center of the head table with the Earl of Halifax, the British Ambassador, at his right and Ambassador Gromyko at his left. Also at the head table were Sir Alexander Cadogan ond Mr. Stettinius.

"Military, naval and diplomatic advisers to the conference were seated around the sides of the table and around the big music room of the old Georgetown estate, where all sessions are to be held.'

It was noted by Lansing Warren, in special advices from Washington, Aug. 19, to the New York "Times," that after these first discussions [of representatives of the United States, Great Britain and Russia] another meeting will be held between the United States, Great Britain and China, following the precedent set among the United Nations in the Cairo and Teheran talks, which draws a distinction between the European and Pacific wars.

As to this, the Associated Press stated:

"Mr. Hull said it was the American intention that, after the Anglo-American-Chinese talks immediately following these sessions with the Russians, the conclusions reached at Dumbarton Oaks should be circulated among all the United Nations and 'as soon as practicable' should be given out to all people 'for public study and debate.'"

References to the proposed conference appeared in these columns Aug. 3, page 517, and Aug. 17, page 687. As given in the Associated Press accounts from Washington, the texts of the addresses of Secretary Hull, Sir Alexander Cadogan, British Undersecretary of Foreign Affairs and leader of the British delegation, and Ambassador Andrei A. Gromyko, head of the Russian delegation, follow:

Secretary Hull

On behalf of President Roosevelt and on my own behalf, I welcome you to Washington. In the name of both of us, I desire to offer some brief remarks on the opening of this important meeting.

The series of conversations which we initiate today marks another step toward establishing a lasting system of organized and peaceful relations among nations. We meet at a time when the war is moving toward an overwhelming triumph for the forces of freedom. It is our task here to help lay the foundations upon which, after victory, peace, freedom and a growing prosperity may be built for generations to come.

The very character of this war moves us to search for an enduring peace—a peace founded upon justice and fair dealing for individuals and for nations. We have witnessed—and are witnessing today—the sweep of forces of savagery and barbarism of the kind that civilized men hoped and believed would not rise again. Armed with the weapons of modern science and technology and with equally powerful weapons of coercion and deceit, these forces almost succeeded in enslaving mankind because the peace-loving nations were disunited. During the years while these aggressors made their preparations for attack, the peace-loving nations lacked both unity and strength because they lacked a vigilant realization of the perils which loomed before them. These forces of evil now face utter defeat because, at long last, their intended victims attained the unity and armed power which are now bringing victory to us.

The lessons of earlier disunity and weakness should be indelibly stamped upon the minds and hearts of this generation and of generations to come. So should the lessons of unity and its resultant strength achieved by the United Nations in this war.

Unity for common action toward common good and against common peril is the sole effective method by which, in time of peace, the nations which love peace can assure for themselves security and orderly progress, with freedom and justice. In the face of what modern war means to the physical and moral being of man, the maintenance of such unity is a matter of the highest and most enlightened self-interest. In the final analysis it is, first and foremost, a thing of the spirit.

Peace, like liberty, requires constant devotion and ceaseless vigilance. It requires willingness to take positive steps toward its preservation. It requires constant cooperation among the nations and determination to live together as good neighbors in a world of good neighbors. Peace requires an acceptance of the idea that its maintenance is a common interest so precious and so overwhelmingly important that all differences and controversies among nations can and must be resolved by resort to pacific means.

But peace also requires institutions through which the will to peace can be translated into action. The devising of such institutions is a challenge to the wisdom and ingenuity of men and women everywhere. That is why the United Nations, in the midst of a relentless prosecution of the war, have been working together to create the institutional foundations for a just and enduring peace.

These foundations must support arrangements for peaceful settlement of international disputes and for the joint use of force, if necessary, to prevent or suppress threats to the peace or breaches of the peace. They must also support arrangements for promoting, by cooperative effort, the development of conditions of stability and well-being necessary for peaceful and friendly relations among nations and essential to the maintenance of security and peace. These are basic problems of international organization.

Substantial progress has already been achieved through the Food and Agriculture Conference, the Conference on Relief and Rehabilitation, and the Financial and Monetary Conference. These and other similar steps are indicative of the profound desire of the United Nations to act together for advancing the well-being of their peoples. They have been achieved by the united effort of more than forty nations, large and small.

The Governments represented here are fully agreed in their conviction that the future maintenance of peace and security—the supreme objective of international cooperation—must be a joint task and a joint responsibility of all peace-loving nations, large and small. They solemnly proclaimed this conviction in a declaration of their Foreign Ministers at Moscow on Oct. 30, 1943. It cannot be emphasized too often that the principle of the sovereign equality of all peace-loving States, irrespective of size and strength, as partners in a system of order under law, must constitute the foundation of any future international organization for the maintenance of peace and security.

Moscow Declaration

In the Moscow Declaration each Government also assumed its share of responsibility for leadership in bringing about the creation of an international organization for this purpose through joint action by all peace-loving nations. Success or failure of such an organization will depend upon the degree to which the participating nations are willing to exercise self-restraint and assume the responsibilities of joint action in support of the basic purposes of the organization. There must be agreement among all whereby each can play its part to the best mutual advantage and fear responsibility commensurate with its capacity.

It is generally agreed that any peace and security organization would surely fail unless backed by force to be used ultimately in case of failure of all other means for the maintenance of peace. That force must be available promptly, in adequate measure and with certainty. The nations of the world should maintain, according to their capacities, sufficient forces available for joint action when necessary to prevent breaches of the peace.

For a long time before the Moscow Conference, and especially during the months which have elapsed since that conference each of our Governments has been making diligent preparations for an effort to reach the agreement to which I have just referred. • We have committed our tentative thoughts to writing, and each of us has had an opportunity to study the results of the work done by the others. All this should make easier the task which is now before you of reaching a consensus of views which you can jointly recommend to your respective Governments.

It is the intention of the Government of the United States that after similar consultations with the Government of China, the conclusions reached will be communicated to the Governments of all the United Nations and of other peace-loving nations.

It is our further thought that as soon as practicable, these conclusions will be made available to the peoples of our countries and of all countries for public study and debate. We are fully aware that no institution—especially when it is of as great importance as the one now in our thoughts — will endure unless there is behind it considered and complete popular support. The will to peace must spring from the hearts and minds of men and women everywhere, if it is to achieve enduring peace.

For us in the United States, it is as natural as it is desirable that we gather around a table with the representatives of other nations to devise means for maintaining peace and security. No passion runs deeper in the thoughts of the people of this country than the belief that all men should enjoy liberty under law. It has been our faith from the beginning of our nation, it is our dream for the future, that every individual and every nation should attain freedom and the security to enjoy it. The people of this country are now united as never before in their determination that the tragedy which today is sweeping the earth shall not recur.

The people of all the United Nations are hoping and praying for the opportunity to build anew toward a system of decent and just relationships among nations. Their noblest capacities and their highest skills have been diverted from the creative pursuits of peace to the grim and terrible tasks of battle. They see the destruction of their homes and the resources of their lands. They will not be content with a precarious peace. Their sacrifices can only be rewarded by the fulfillment of their reasonable hopes.

It is the sacred duty of the Governments of all peace-loving nations to make sure that international machinery is fashioned through which the peoples can build the peace they so deeply desire. The President is confident, and I share his view, that this thought will govern the deliberations which you are now undertaking.

Sir Alexander Cadogan

The discussions which open today arise out of Article IV of the Declaration of Moscow, in the framing of which Mr. Hull played such a notable and prominent part. We have listened with admiration to the wise and powerful words with which he has initiated our labors, and we are, I know, all profoundly grateful to him for his indefatigable efforts in the cause of international understanding. Of him it may well be said that he embodies in his own thought and person the qualities which have been responsible for the reaction and the development of the country which he represents.

To the Soviet Government, too, we all have reason to be grateful. It was, I think, on M. Molotov's initiative that the decision to hold these discussions was taken; and it was evident from their attitude at the time of the Moscow Conference that the Soviet Government attached the highest importance to the establishment of a system designed to prevent a recurrence of Nazi and Fascist aggression.

My Government, for their part, have from the outset favored such discussions as these and have done their best to facilitate them. We have expressed our provisional views in the papers which have been circulated, and are most happy to find that in the papers of all three Government there is such a large measure of agreement.

There seems, in fact, to be a general will on the part of what are at present the three most powerful States in the world to achieve some kind of world organization, and, what is more, to achieve it soon. That should itself be a good augury for the success of our labors.

Chinese statesmen also have declared their wish to join in the establishment of such an organization, and I am confident that the subsequent discussions with the Chinese delegation will show that there is a community of aim on the part of the most populous and ancient of our civilizations.

We shall thus, I hope, be able to achieve agreement on principles between officials from States comprising about half the inhabitants of the globe, and from States, moreover, whose combined power and determination is now playing so prominent a part in overthrowing the sinister forces of evil which, only a few years ago, came near to dominating all mankind.

The victory of the United Nations, whenever it comes, must be complete, the military defeat of the aggressors must be made clear beyond all doubt, and most of all to the German people themselves, and those responsible for the wanton outrages that have horrified the civilized world must receive their just retribution. On that basis we may hope to build more securely for the future.

In 1919 there was a widespread feeling in many Western countries that force was in itself an immoral thing; now there is a much more widespread conviction that it is only by the victors remaining both strong and united that peace can be preserved. We have, I believe, learned many salutary lessons during the last few years.

We are met here to plan a system which will enable individual nations to cooperate effectively for the common good. Individual nations, small and great, must be the basis of our new world organization; and our problem is to construct a machine which will give to each of them the responsibilities commensurate with its power. This is no light task, but it can be accomplished.

No one wishes to impose some great Power dictatorship on the rest of the world; but it is obvious that unless the great Powers are united in aim and ready to assume and fulfill loyally their obligations, no machine for maintaining peace, however perfectly constructed, will in practice work. On the other hand, even Hitler has surely learned by now what we have ourselves long known, that it is not by riding roughshod over the smaller Powers that the vital interests of the larger can in the long run best be protected.

Another lesson I submit we may learn from experience, is that we should not attempt too closely to define what is perhaps undefinable. As I have already said, no machine will work unless there is, at any rate on the part of the great Powers, a will to work it; and equally even an imperfect machine may function satisfactorily provided such a will exists.

We might do well, therefore, to concentrate on certain guiding principles and on certain basic institutions, rather than on a set of detailed regulations, which, however ingeniously drafted, will probably have to be revised in the light of subsequent experience.

One other consideration I would put before you: we must remember that peace, in the negative sense of absence of war, is not enough. No world system can endure unless it permits of growth and unless it tends to promote the well-being of humanity as a whole. Hence, however, we may fit the various non-political world organizations into our general system, we must attempt to discover means whereby the expanding force of modern scientific discoveries is turned into constructive rather than into destructive channels.

For this reason we must arrange for at least a measure of coordination between the various functional organizations now created or to be created, and in some way gear them to our world international machine. All I would emphasize here is that we should always recognize that if there is acute political instability, no economic or social organizations will function successfully, and on the other hand, let us never forget that acute discomfort in the economic and social field will constantly hamper the smooth operation of the best political plans. In other words, freedom from fear and freedom from want, so far as human agency can contrive it, move forward simultaneously.

In conclusion, I must for my part emphasize that the working party from the United Kingdom is recruited from the humble official level. From that it follows that, so far as we are concerned, these talks are necessarily exploratory and non-committal. Within these limitations we will make the best contribution we can, and I can pledge every one of us to devote his best energies and such knowledge and experience as he possesses to the search for agreed recommedations for submission by our Governments, if they approve them, to all the other United Nations. We may take comfort in the fact that, as will be seen from the memoranda already circulated, there is already much common ground.

Let us also not forget the time factor. Events are moving fast and peace may come sooner than some expect. It would be folly to delay the construction of at least some framework of future international cooperation until the problems of peace confront us with all their insistency. Moreover, the time even of officials is limited. If therefore we are to establish the points on which there seems to be provisional agreement, we must work fast and well.

Much depends on our efforts, and some give and take will probably be required. Let us go forward with a full sense of our responsibilities, not only to our own nations but to the world at large. Let us go forward, above all, with the determination to produce a scheme worthy of the men and women of the United Nations who are giving their all to make possible the construction of a better world.

Ambassador Gromyko

The present meeting is the first meeting of exploratory discussions between representatives of the United States, Great Britain and the Soviet Union on the establishment of an international security organization. I fully share the thoughts expressed by Secretary Hull in regard to the importance of the present discussions.

The peoples of our countries are waging a life-and-death struggle against the worst enemy of humanity—Hitlerite Germany. This struggle has already cost our countries, as well as many other freedom-loving countries of the world, heavy human and material sacrifices. Waging a struggle for their freedom and independence, the peoples of our three great nations are also saving the freedom and independence of other freedom-loving peoples of the world.

As a result of the combined efforts of the Allies, our common foe—Nazi Germany—is nearing its inevitable catastrophe. Our brave warriors are squeezing the enemy from the East, West and South. As a result of the latest offensive of the Red Army, military operations are already being carried to enemy soil. The time is not far off when the combined efforts of the freedom-loving countries of the world, and, first of all, the efforts of our nations, will bring a complete and decisive victory and will force Nazi Germany to her knees.

In view of the heavy destruction and countless sacrifices which the present war has brought to humanity, the freedom-loving peoples of the world are naturally looking for means to prevent repetition of a similar tragedy in the future. They have shed too much blood and made too many sacrifices to be indifferent to their future. That is why they are striving to establish an international organization which would be capable of preventing a repetition of a similar tragedy, and of guaranteeing for the peoples peace, security and prosperity in the future.

Members of such an organization can be, as it is said in the four nations' declaration signed at the Moscow Conference on Oct. 3, 1943, all big and small freedom-loving countries of the world. All of us are glad that one of the distinguished participants of the Moscow Conference, Secretary Hull, is among us at the present meeting.

It goes without saying that in order to maintain peace and security it is not enough to have the mere desire to harness the aggressor and the desire to apply force against him if it should be demanded by circumstances. In order to guarantee peace and security it is absolutely necessary to have resources with the aid of which aggression could be prevented or suppressed and international order maintained.

In the light of the above, it becomes clear what responsibility falls to the nations, members of the future security organization, and especially to the nations which bear the main brunt of the present war, and which possess the necessary resources and power to maintain peace and security.

That is why all those to whom freedom and independence are dear cannot but draw the conclusion that this freedom and independence can be preserved only if the future international security organization will in the interests of the freedom-loving peoples of the world use effectively all resources in possession of members of the organization and, first of all, the resources of such great nations as the Soviet Union, and United States and Great Britain.

The unity displayed by these countries in the present struggle against Hitlerite Germany and its vassals gives ground for certainty that after final victory is achieved these nations will cooperate in maintaining peace and security in the future as they are cooperating at the present time in saving humanity from enslavement by the Fascist barbarians.

In this noble striving our countries naturally cannot but find support on the part of the other United Nations, big and small, which will be participants of the international security organization, which will be based on the principle of the sovereign equality of all freedom-loving countries and which will bear joint responsibility for the maintenance of peace.

The unity of the Allies displayed in the struggle against the common foe and their striving to maintain peace in the future is a guarantee that the present exploratory discussions will bring positive results. They are the first step leading to the erection of a building in the foundation of which all freedom-loving peoples of the world are interested—for an effective international organization and maintenance of peace and security.

In closing, I consider it necessary to note the initiative taken by the Government of the United States in calling the present conference. The Soviet delegation is glad to begin discussions with the American delegation headed by Edward R. Stettinius, with whom I have had the pleasure since 1941 of meeting and discussing at different times various matters of mutual interest, and also with the British delegation headed by Sir Alexander Cadogan.

I have no doubt that in the course of the present discussions the representatives of the three nations will conduct their work in a spirit of mutual understanding and in a friendly atmosphere which cannot but add to the successful outcome of the discussions.

The State Of Trade

(Continued from page 810)

The survey, according to Mr. Thomas, "covered 447 basic war plants employing approximately 1,000,000 workers at the peak period of war production. Total employment in those plants for July, 1944, had declined by 160,000. By July of 1944 a total of 197 of these 447 plants had suffered cutbacks, causing reductions in employment." Mr. Thomas further stated, according to the survey, that "the heaviest layoffs took place in plants producing shells and other ordnance items, where employment is now 28.2% below top war-time levels."

Electric Production—The Edison Electric Institute reports that the output of electricity increased to approximately 4,415,368,000 kwh. in the week ended Aug. 12 from 4,399,433,000 kwh. in the preceding week. The latest figures represent a gain of 3.0% over one year ago, when output reached 4,287,827,000 kwh.

Consolidated Edison Co. of New York reports system output of 169,100,000 kilowatt-hours in the week ended Aug. 13, 1944, and compares with 199,500,000 kilowatt hours for the corresponding week of 1943, or a decrease of 15.2%.

Local distribution of electricity amounted to 157,600,000 kilowatt-hours, compared with 193,700,000 kilowatt-hours for the corresponding week of last year, a decrease of 18.7%.

R. R. Freight Loadings—Carloadings of revenue freight for the week ended Aug. 12 totaled 896,172 cars, the Association of American Railroads announced. This was an increase of 5,714 cars, or 0.6% above the preceding week this year, and an increase of 9,008 cars, or 1% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 27,327 cars, or 3.1%, is shown.

Based on advance reports from 85 Class I railroads, whose revenues represent 80.8% of total operating revenues, the Association of American Railroads, in a current release, estimated that railroad operating revenues in July, 1944, were 0.7% more than in the same month of 1943. This estimate, it was pointed out, covers only operating revenues and does not touch upon the trends in operating expenses, taxes, or final income results. Estimated freight revenues in July, 1944, were greater than in July, 1943, by 0.2%, while estimated passenger revenues were greater by 2.9%.

Post-War Auto Market—Complete suspension of automobile manufacturing since January, 1942, has created a market for more than 16,000,000 cars for replacement alone and has brought about a situation that will keep the industry busy until 1950 just to put back on the highways the same number of cars that were registered before the war, George H. Pratt, general sales manager of the Hudson Motor Car Co., told a meeting of dealers and distributors of the Chicago area last week. Mr. Pratt was of the opinion that buying power to meet demand for new cars is based not only in predictions of high national income, large accumulations of savings and holdings of war bonds, but also by the fact that at the end of the war practically all of the $9,500,000,000 pre-war consumer debt will have been liquidated.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending Aug. 12, 1944, at 1,239,000 tons, an increase of 18,000 tons (1.5%) over the preceding week, and a decrease of 95,000 tons (7.1%) from the corresponding week of 1943. The 1944 calendar year to date shows an increase of 7.2% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Aug. 12 at 12,110,000 net tons, against 12,000,000 tons in the preceding week and 12,150,000 tons in the corresponding week of last year, while output for Jan. 1 to Aug. 12 totaled 389,530,000 tons, as against 360,311,000 tons in the same 1943 period, or a gain of 8.1%.

Estimated production of beehive coke in the United States for the week ended Aug. 12, 1944, as reported by the same source, shows a decrease of 19,700 tons when compared with the output for the week ended Aug. 5, last, but a decline or 38,400 tons for the corresponding week of 1943.

Iron Ore Consumption—Lake Superior iron ore consumed in July amounted to 7,371,733 tons, as against 7,112,060 tons in June and 7,155,703 tons in July, 1943, the monthly report of the Lake Superior Iron Ore Association reveals. For the first seven months of 1944, 51,361,963 tons of ore were consumed and compare with 51,248,423 tons in a like period last year. As of Aug. 1, stocks of ore on hand at furnaces and Lake Erie docks totaled 32,069,216 tons, compared with 26,655,414 tons on hand a month ago and 32,388,932 tons a year ago. Out of a total of 196 furnaces, 177 were in blast on Aug. 1, compared with 180 out of 196 on July 1 and 182 out of 192 on Aug. 1, 1943.

Silver—The London market remained quiet and the price of silver unchanged at 23d. The New York official for foreign silver continued at 44¾¢, with domestic silver at 70⅝¢.

Crude Oil Production—Daily average gross crude oil production for the week ended Aug. 13, asa estimated by the American Petroleum Institute, was 4,667,300 barrels, estiblishing a new high record. This was 16,650 barrels a day in excess of the preceding week and exceeded the corresponding week in 1943 by 427,900 barrels a day. The current figure was also 11,000 barrels above the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. For the four weeks ended Aug. 12 daily output averaged 4,635,450 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,560,000 barrels of crude oil daily and produced 13,708,000 barrels of gasoline. Kerosene output totaled 1,428,000 barrels, with distillate fuel oil placed at 4,976,000 barrels and residual fuel oil at 8,264,000 barrels during the week ending Aug. 12, 1944. Storage supplies at the week-end totaled 81,203,000 barrels of gasoline; 11,850,000 barrels of kerosene; 40,035,000 barrels of distillate fuel, and 57,003,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

September Oil Production Rate—The September production rate for oil as authorized by the Petroleum Administration for War was set at 5,051,000 barrels daily, the highest output ever certified to the various oil-producing States. The increased rate exceeds the August daily total by 105,900 barrels a day and is the first to surpass 5,000,000 barrels a day. The new rate for the Eastern States is 71,300 barrels daily as against 68,400 in August; Midwestern States, 976,400 barrels, or an increase of 11,600 barrels; Southwestern States, 2,931,400 barrels, or 71,400 more than in August, with production for the Rocky Mountain States virtually unchanged, but California's rate is increased 19,600 barrels to a new total of 936,700 barrels a day.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 508 reporting mills were 8.5% below production for the week ended Aug. 12, but new orders of these mills were 3.8% above production for the same period, while unfilled order files amounted to 104% of stocks. For 1944 to date shipments of reporting identical mills exceeded production by 4.8% and orders ran 7.2% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24.1% greater; shipments, 22.3% greater, and orders, 37.0% greater.

Business Failures—Business failures in the United States advanced for the period ended Aug. 10 to 16 from 15 in the previous week and compared with 60 in the corresponding week of 1943, Dun & Bradstreet reports. Concerns failing with liabilities of $5,000 or more numbered 9, compared to 11 in the previous week and 29 one year ago. There were two Canadian failures this week, compared with none in the preceding week and a year ago.

Department and Retail Store Sales—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 13% ahead of a year ago for the week ending Aug. 12. For the four weeks ending Aug. 12, 1944, sales increased by 10%. A 7% increase in department store sales for the year to Aug. 12, 1944, over 1943 was also noted.

Moderate improvement took place in retail and wholesale trade for the country at large the past week. Some stimulus was given to summer goods by the oppressive heat wave that blanketed the East until last Thursday evening, but fall openings, too, were not sluggish in moving. Accessories, notions and drugs, Dun & Bradstreet, reported, were in popular demand, while apparel in college shops was not neglected. Re-orders characterized wholesale volume, stated the above authority, with especial emphasis on sportswear. Due to continuing military requirements, shortages in textiles were apparent. In the housewear and furniture department, caution among buyers was a factor to be reckoned with.

The above source estimates a gain of 4% to 7% for the week in retail sales throughout the country. Regional increases were: New England, 2 to 4%; East, 2 to 5%; Middle West, 4 to 6%; Northwest, 5 to 7%; South, 8 to 12%; Southwest, 10 to 12%, and the Pacific Coast, 8 to 10%.

According to Federal Reserve Bank's index, department store sales in New York City for the weekly period to Aug. 12, increased by 13% over the same period of last year. For the four weeks ending Aug. 12 sales rose by 11%, and for the year to Aug. 12 they improved by 8%.

Interest in fall merchandise by consumers here in New York was hampered to a degree last week by abnormally high temperatures and sales of department stores witnessed a drop of from 5 to 10% under the same week of 1943, thus interrupting a long series of weekly gains, reports the New York "Times." Most departments shared in the falling off in business, but chiefly affected were such items as women's apparel and furs. Buying activity in wholesale markets experienced curtailment with fill-ins chiefly sought by retailers. The situation in cotton goods and a wide range of merchandise continued acute. New directives, states the "Times," had no immediate effect, as the mills are still awaiting price action before reinstating lines.

Wholesale Food Prices—Irregularity was evident in the wholesale commodity markets. A decline to $3.98 from $4.01 in wholesale food prices during the week ended Aug. 15 was recorded in the index compiled by Dun & Bradstreet, Inc. The volume, however, rose 5% to 8% above the same period in 1943. In the wholesale commodity markets, the index moved during the week, from 171.12 to 172.28.

Retail Food Volume—According to Dun's survey of business conditions, retail food volume showed a slight gain from last week and was about 5% above last year. Fresh fruits and vegetables, in plentiful supply, accounted for most of the rise.

Department Store Sales In New York Federal Reserve District In July 4% Above Year Ago

The Federal Reserve Bank of New York announced on Aug. 18 that July sales of department stores in the Second (New York) Federal Reserve District increased 4% over a year ago. The combined sales for January to July, 1944, were up 8% from the same period the previous year. Stocks of merchandise on hand in department stores at the end of July, 1944, were 4% above the amount in July, last year.

The apparel stores in the New York Reserve District reported a 3% gain in the net sales in July. Their stocks on hand at the close of the month were 9% higher than the same month in 1943.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES JULY, 1944

Second Federal Reserve District

	Percentage change from preceding year		
	Net sales		Stocks
Department stores—	July 1944	Jan.-July 1944	on hand July 31, 1944
Second District	+ 4	+ 8	+ 4
New York City	+ 6	+ 10	+ 4
Northern New Jersey	+ 4	+ 2	+ 5
Newark	+ 4	--	+ 6
Westchester and Fairfield Counties	— 7	— 3	— 7
Bridgeport	—12	— 7	—16
Lower Hudson River Valley	+ 7	+ 15	+ 16
Poughkeepsie	+ 4	+ 14	--
Upper Hudson River Valley	—11	— 1	— 1
Albany	— 8	+ 3	--
Schenectady	—15	— 5	— 3
Central New York State	+ 5	+ 9	+ 6
Mohawk River Valley	— 1	+ 1	+ 2
Utica	+ 1	+ 4	--
Syracuse	+ 9	+ 14	+ 8
Northern New York State	+ 12	+ 8	--
Southern New York State	+ 3	+ 6	+ 9
Binghamton	+ 1	+ 6	--
Elmira	+ 11	+ 9	--
Western New York State	+ 3	+ 6	+ 3
Buffalo	--	+ 6	+ 4
Niagara Falls	— 4	--	+ 8
Rochester	+ 9	+ 7	+ 1
Apparel stores (chiefly New York City)	+ 3	+ 7	+ 9

The calendar month of July had one less shopping day this year than last year. Many stores were closed on Monday, July 3, 1944; for those stores there were two less shopping days this year.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

Second Federal Reserve District

(1935-39 average = 100)

	1943	1944			
	July	April	May	June	July
Sales (average daily), unadjusted	*91	136	141	*131	99
Sales (average daily), seasonally adjusted	*136	*139	149	*141	147
(1923-25 average = 100)					
Stocks, unadjusted	106	112	118	113	110
Stocks, seasonally adjusted	117	111	116	118	121

*Revised.

Cottonseed Receipts To July 31

On Aug. 12, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 12 months ended July 31, 1944 and 1943.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to July 31 1944	1943	Crushed Aug. 1 to July 31 1944	1943	On hand at mills July 31 1944	1943
United States	3,983,513	4,516,034	3,953,588	4,497,779	118,701	90,336
Alabama	263,582	257,856	258,289	259,004	7,478	2,185
Arizona	59,847	82,864	59,723	83,252	127	3
Arkansas	374,125	473,690	373,908	475,928	9,800	9,583
California	124,450	158,314	131,152	152,593	194	6,896
Georgia	362,977	343,184	345,377	343,443	19,838	3,798
Louisiana	214,272	166,317	212,839	166,518	1,976	543
Mississippi	718,389	750,904	707,575	745,605	22,354	11,540
North Carolina	225,625	272,075	219,302	272,667	7,388	1,065
Oklahoma	111,782	219,522	111,512	222,194	2,062	1,792
South Carolina	199,586	208,295	196,508	205,649	5,671	2,593
Tennessee	283,018	383,041	276,531	388,962	9,753	3,266
Texas	940,668	1,054,964	953,838	1,043,250	31,499	44,669
All other states	105,192	145,058	107,034	138,714	561	2,403

*Includes 1,560 and 9,897 tons destroyed at mills but not 90,336 and 81,928 tons on hand Aug. 1 nor 52,580 and 64,065 tons reshipped for 1944 and 1943 respectively.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Items—	Season	On hand Aug. 1	Produced Aug. 1 to July 31	Shipped out Aug. 1 to July 31	On hand July 31
Crude oil (thousand pounds)	1943-44	*23,283	1,233,938	1,233,398	*30,186
	1942-43	34,460	1,400,534	1,402,085	23,283
Refined oil (thousand pounds)	1943-44	†207,409	‡1,155,047	------	†241,270
	1942-43	310,191	1,304,380	------	207,409
Cake and meal (tons)	1943-44	18,542	1,834,054	1,824,820	27,776
	1942-43	190,100	1,994,611	2,166,169	18,542
Hulls (tons)	1943-44	11,964	926,451	923,738	14,677
	1942-43	44,118	1,085,034	1,117,188	11,964
Linters (running bales)	1943-44	135,927	§1,183,115	1,255,983	§63,059
	1942-43	43,295	1,355,197	1,262,565	135,927
Hull fiber (500-lb. bales)	1943-44	556	24,635	24,646	545
	1942-43	229	36,417	36,090	556
Grabbots, motes, &c. (500-lb. bales)	1943-44	14,106	48,766	52,726	10,146
	1942-43	23,644	63,653	73,191	14,106

*Includes 13,826,000 and 18,695,000 pounds held by refining and manufacturing establishments and 3,150,000 and 2,644,000 pounds in transit to refiners and consumers Aug. 1, 1943 and July 31, 1944 respectively.

†Includes 3,196,000 and 1,563,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,734,000 and 2,072,000 pounds in transit to manufacturers of shortening, soap, etc. Ang. 1, 1943 and July 31, 1944 respectively. Does not include winterized oil.

‡Produced from 1,228,346,000 pounds of crude oil.

§Total linters produced includes 289,730 bales first cut, 811,926 bales second cut and 81,459 bales mill run. Total held includes 27,602 bales first cut, 31,010 bales second cut and 4,447 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Fairchild Index Shows July 1 Retail Prices Unchanged For Fifth Consecutive Month

For the fifth consecutive month retail prices have remained unchanged, according to the Fairchild Publications Retail Price Index of July 14, which further said:

At 113.4, the index has shown no change since the beginning of the year. Quotations show only a fractional gain over those of a year ago. Prices show an advance of a 27.6% over the 1939-40 low."

The report also added:

"Not only is the composite index unchanged, but every item included in it shows no change from the previous month. However, a number of items show gains in comparison with a year ago. This is particularly marked in furs, women's underwear, men's shirts, infants' socks, and furniture. Compared with pre-war levels the greatest increases are recorded for piece goods, women's apparel and home furnishings." The Fairchild publication went on to say:

"Gains for individual items from pre-war levels have been very great. The greatest were recorded for furs, 61.6%; cotton piece goods, 39.3%; sheets, 39.2%; blankets, 31.6%; aprons and house dresses, 34.3%; furniture, 37.4%; and floor coverings, 32.6%.

"Cotton piece goods prices should not advance because of higher costs due to the Bankhead amendment to the Price Control act, according to the OPA. But it is questionable whether garment manufacturers or processors will absorb the entire advance. Nor are retailers likely to absorb it. Chances are that there will be some further manipulation of the items affected. Thus, while the advance may not be reflected in actual price rises, it will be reflected in quality. As a matter of fact, the rise in costs due to quality deterioration has been very great.

"According to A. W. Zelomek, economist under whose supervision the Fairchild Retail Price index is compiled, prices may remain unchanged until the end of the European war, but a downward adjustment will develop afterward. The first decline will occur in items where quality has deteriorated considerably, and distributors generally will tend to liquidate these items."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	July 1, 1943	April 1, 1944	May 1, 1944	June 1, 1944	July 1, 1944
Composite Index	69.4	113.0	113.4	113.4	113.4	113.4
Piece Goods	65.1	112.2	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.3	105.3	105.3	105.3	105.3
Women's Apparel	71.8	112.7	113.7	113.7	113.7	113.7
Infants' Wear	76.4	108.1	108.2	108.2	108.2	108.2
Home Furnishings	70.2	115.5	115.6	115.6	115.6	115.6
Piece Goods						
Silks	57.4	84.7	84.7	84.7	84.7	84.7
Woolens	69.2	108.0	108.1	108.1	108.1	108.1
Cotton Wash Goods	68.6	143.8	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	134.9	134.9	134.9	134.9
Women's Apparel						
Hosiery	59.2	89.9	90.4	90.0	90.0	90.0
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	66.8	139.3	145.0	145.1	145.1	145.1
Underwear	69.2	102.7	102.9	102.9	102.9	102.9
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.1	108.1	108.1	108.1	108.1
Underwear	69.6	114.8	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.1	99.3	99.3	99.3	99.3
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	106.0	105.9	105.9	105.9	105.9
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	114.6	114.9	114.9	114.9	114.9
Underwear	74.3	103.7	103.7	103.7	103.7	103.7
Shoes	80.9	106.0	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.4	129.4	129.4	129.4
Floor Coverings	79.9	146.9	146.9	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.9	94.9	94.9	94.9
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

Note—Composite index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

May Mortgage Financing Shows Increase

During May the volume of mortgage recordings exceeded $400,000,000 for the first month since October 1941. It was reported by the Federal Home Loan Bank Administration in its July 4 release. The estimated total of nonfarm mortgages of $20,000 or less was $405,100,000, compared with $369,300,000 in April, and $327,100,000 in May 1943.

The FHLBA announcement continued by stating:

All types*of mortgages increased their recordings in May over April, the percentage gains ranging from nearly 21% for mutual savings banks to 7% for individuals. Mortgages recorded in the name of individuals reached a new peak for the third consecutive month as an aggregate of $96,000,000 in new loans was financed by this group.

Savings and loan associations with 35% of the May total continued to hold thier position and to account for the largest proportion of the business. Individuals had the next largest share, 24%, followed by banks and trust companies with 20%, miscellaneous lenders, 13%, insurance companies, 5%, and mutual savings banks, 4%.

All mortgagees except insurance companies loaned more in May than in the corresponding month last year. Individual lenders showed the largest gain, 37%, followed by savings and loan associations with a rise of 30%. Recordings of insurance companies receded 11%.

	May 1944			May 1943		Cumulative Recordings January-May		
			% Chg. from			Volume (000)		
Type of Lender	Volume (000)	% of Total	April 1944	Volume (000)	% of Total	1944	1943	% Chg.
S. & L. Assns.	$139.748	34.5	+ 9.7	$107,221	32.8	$579,979	$425,871	+ 36.5
Ins. Cos.	21,794	5.4	+ 10.8	24,435	7.5	103,463	109,155	— 5.2
Bk. & Tr. Cos.	79,083	19.5	+ 9.2	65,688	20.1	344,617	275,172	+ 25.2
Mut. Svg. Bks.	14,882	3.7	+ 20.6	12,940	3.9	57,500	49,538	+ 16.1
Individuals	95,730	23.6	+ 7.0	70,054	21.4	419,178	295,960	+ 41.6
Others	53,858	13.3	+ 12.4	46,754	14.3	249,459	197,937	+ 26.0
Total	$405,095	100.0	+ 9.7	$327,092	100.0	$1,754,196	$1,353,633	+ 29.6

Cumulative recordings for the first 5 months of this year aggregated $1,754,200,000, a gain of 30% over the total of $1,353,600,000 for the same period last year. Individual lenders with a marked increase of 42% showed the largest percentage rise. Savings and loan associations were close behind with an advance of 37%. Insurance companies, the only class of mortgagees to show a decline, dropped 5% below the corresponding period of 1943.

From Washington Ahead Of The News

(Continued from first page)

of business." He took it out all right. He was one of the mainsprings, by way of taking out this chaos, of the NRA. When he went to the New Deal with his taking chaos out of business proposition, the New Dealers, being totalitarians, said it was a splendid idea he had. They insisted, however, that by way of taking the chaos out of business, they had to have Section Seven A for labor. We still have Section Seven A for labor, through the National Labor Relations Act, without having taken that chaos out of business which Mr. Harriman wanted to do.

Well, there were some other fellows who thought they understood the New Deal and their fellow Industrialists didn't understand it, and were therefore misguided

One of these was John L. Biggers, the Ohio plate glass man. Mr. Biggers could never understand why his fellow Industrialists felt as they did. But he understood the New Deal. He used to come down and do chores for it quite early in the game. Came the war and the first manifestation of the War Production Board and Mr. Biggers was one of the biggest shots on it. Where is Mr. Biggers now, insofar as Washington is concerned? He took an awful propaganda drubbing at the hands of the New Dealers just after Mr. Roosevelt's reelection in 1940 and the last we heard of him, he had taken a trip to London "to study the situation."

Then there is Mr. Bill Batt. Perhaps Mr. Batt has always known what he was doing because it is a fact that Standard Oil was tremendously smeared by the New Dealers for having dealt with a German counterpart, whereas when the agitation developed a few months ago about the Swedish ball bearing industry, SKF, of which Mr. Batt is head in this country, making money out of both sides in the war, the New Deal went out of its way to say, this was not unusual, that a firm like SKF could quite naturally do that. And it could but Mr. Batt had a different propaganda experience than Standard Oil, whose experience had not been the same at all. But since that time, and for many months before, little has been heard in Washington of Mr. Batt. His title is perhaps still assistant chairman, or vice chairman of the War Production Board, but if anybody thinks Mr. Batt has anything to do with the War Production Board these days, he is as crazy as a loon.

What gave us the idea for this story, however, is the experience of Mr. Donald Nelson. He was one of the first to understand the New Deal, notwithstanding his connection with the Big Business World. Indeed, he was one of those who joined in on the pre-Pearl Harbor agitation that American industry was insistent upon "doing business as usual."

As a matter of fact, he once made a speech telling Industry that its best way of getting rid of Roosevelt was to go ahead and win the war. Quite insulting, of course, but that is the way Nelson was. He understood the New Deal as his fellow business men didn't.

Now, look where he has gone. The Washington observers are saying quite accurately that he has been banished to "Siberia."

There is one left. He is Averill Harriman who thinks Industry has been pretty rotten and who believes in FD. He's still over in Moscow. We don't think he has the slightest influence in the scheme of things, but it is fascinating to be in Moscow and to ride on global airplanes in these days and times.

Electric Output For Week Ended Aug. 19, 1944 Shows 4.4% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 19, 1944, was approximately 4,451,076,000 kwh., compared with 4,264,824,000 kwh. in the corresponding week a year ago, an increase of 4.4%. The output for the week ended Aug. 12, 1944, was 3.0% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 19	Aug. 12	Aug. 5	July 29
New England	3.5	2.0	1.3	1.4
Middle Atlantic	*1.5	*4.4	*3.1	*3.7
Central Industrial	5.1	3.1	3.2	2.7
West Central	5.2	3.0	1.9	0.0
Southern States	7.1	6.5	8.1	9.0
Rocky Mountain	*3.9	*6.0	*4.5	*5.3
Pacific Coast	11.9	13.3	14.4	16.9
Total United States	4.4	3.0	3.7	3.9

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
May 6	4,233,756	3,903,723	+ 8.5	3,365,208	1,436,928	1,698,942
May 13	4,238,375	3,969,161	+ 6.8	3,356,921	1,435,731	1,704,426
May 20	4,245,678	3,992,250	+ 6.3	3,379,985	1,425,151	1,705,460
May 27	4,291,750	3,990,040	+ 7.6	3,322,651	1,381,452	1,615,085
June 3	4,144,490	3,925,893	+ 5.6	3,372,374	1,435,471	1,689,925
June 10	4,264,600	4,040,376	+ 5.5	3,463,528	1,441,532	1,699,227
June 17	4,287,251	4,098,401	+ 4.6	3,433,711	1,440,541	1,702,501
June 24	4,325,417	4,120,038	+ 5.0	3,457,024	1,456,961	1,723,428
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,426,986	1,724,728
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667
Aug. 12	4,415,368	4,287,827	+ 3.0	3,654,795	1,431,910	1,733,110
Aug. 19	4,451,076	4,264,824	+ 4.4	3,673,717	1,436,440	1,750,056
Aug. 26	------	4,322,195		3,639,961	1,464,700	1,761,594

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Increased In July

Shipments of finished steel products by subsidiaries of the United States Steel Corp. in July amounted to 1,754,525 net tons, an increase of 16,756 tons over June shipments of 1,737,769 net tons, and an increase of 93,763 tons over 1,660,762 net tons shipped in July, 1943. Shipments in July, 1942, were 1,765,149 net tons, and in July, 1941, were 1,666,667 net tons.

For the seven months ended July 31, last, shipments totaled 12,387,379 net tons, as against 11,700,778 net tons in the same period last year. The current seven months' shipments were the highest on record for this period. The previous record for the first seven months' shipments, 12,269,256 tons, was established in 1942.

The following tabulation gives shipments by subsidiaries of United States Steel Corp. monthly since the beginning of 1939 (figures in net tons):

	1944	1943	1942	1941	1940	1939
January	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592	870,866
February	1,755,772	1,691,592	1,616,587	1,548,451	1,009,256	747,427
March	1,874,795	1,772,397	1,780,938	1,720,366	931,905	845,108
April	1,756,797	1,630,828	1,758,894	1,687,674	907,904	771,752
May	1,776,934	1,706,543	1,834,127	1,745,295	1,084,057	795,689
June	1,737,769	1,552,663	1,774,068	1,668,637	1,209,684	607,562
July	1,754,525	1,660,762	1,765,749	1,666,667	1,296,887	745,364
August	------	1,704,289	1,788,650	1,753,665	1,455,604	885,636
September	------	1,664,577	1,703,570	1,664,227	1,392,838	1,086,683
October	------	1,794,968	1,787,501	1,851,279	1,572,408	1,345,855
November	------	1,660,594	1,665,545	1,624,186	1,425,352	1,406,205
December	------	1,719,624	1,849,635	1,846,036	1,544,623	1,443,969
Total by mos.	------	20,244,830	21,064,157	20,458,937	14,976,110	11,752,116
Yearly adjust.	------	*97,214	*449,020	*42,333	37,639	*44,865
Total	------	20,147,616	20,615,137	20,416,604	15,013,749	11,707,251

*Decrease.

Note—The monthly shipments as currently reported during the year 1942, are subject to adjustment reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Wholesale Prices Up 0.4% For Week Ended Aug. 12, 1944

Following the marked decline early in August, advancing prices for agricultural commodities, particularly livestock and fresh fruits and vegetables, caused the Bureau of Labor Statistics' index of commodity prices in primary markets to rise 0.4% during the week ended Aug. 12, announced the U. S. Department of Labor in its Aug. 17 report, which continued by saying:

"The increase brought the all-commodity index to 104.0% of the 1926 level. Average prices for the 900 price series included in the index have risen 0.1% in the past four weeks and are 1.3% higher than at this time last year," said the Department's report, and went on to say:

"**Farm Products and Foods**—Average prices for farm products at the primary market level rose 1.9% during the week. Sharp increases were reported in prices for apples in the Portland (Oregon) market, for citrus fruits and for potatoes and onions. Livestock and poultry advanced 1.3% with steers up 2% and hogs 0.6% and live poultry up nearly 10% at New York and more than 1% at Chicago. Grain prices declined 1.3% led by decreases of 6.6% for oats and more than 1% for wheat on favorable crop reports. Lower prices were also reported for cotton and for apples in Eastern markets. Farm product prices have advanced 0.5% since mid-July and are 1.5% higher than in mid-August a year ago.

"Led by an advance of over 9% in quotations for fresh fruits and vegetables, market prices for foods rose 1.4%. In addition, minor increases occurred for flour in most markets and in prices for fresh milk at Chicago. Eggs declined fractionally following their sharp rise in earlier weeks. Average prices for foods are 0.5% higher than for the corresponding week of July and 1.0% above the Aug. 14, 1943, level.

"**Industrial Commodities**—The few minor changes which occurred in industrial commodity markets were not of sufficient importance to change the indexes for any of the industrial commodity groups. Slight price increases were reported for some types of yellow pine lumber, while rosin and turpentine declined about one-half of 1%. Quotations for goatskins decreased less than 1%."

The following notation was also included in the Labor Department's report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for July 15, 1944 and Aug. 14, 1943, and the percentage changes for a week ago, a month ago and a year ago, and (2) percentage changes in subgroup indexes from Aug. 5, 1944 to Aug. 12, 1944:

WHOLSALE PRICES FOR WEEK ENDED AUG. 12, 1944

(1926=100)

						Percentage change to Aug. 12, 1944 from—		
Commodity Groups—	8-12 1944	8-5 1944	7-29 1944	7-15 1944	8-14 1943	8-5 1944	7-15 1944	8-14 1943
All commodities	*104.0	*103.6	*103.9	*103.9	102.7	+0.4	+0.1	+ 1.3
Farm products	124.8	122.5	124.1	124.2	122.9	+1.9	+0.5	+ 1.5
Foods	106.1	104.6	105.3	105.6	105.1	+1.4	+0.5	+ 1.0
Hides and leather products	116.8	116.8	116.8	116.8	118.4	0	0	— 1.4
Textile products	97.5	97.5	97.4	97.3	96.9	0	+0.2	+ 0.6
Fuel and lighting materials	83.8	83.8	83.9	83.8	81.7	0	0	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.8	0	0	0
Building materials	116.0	116.0	115.9	115.8	112.1	0	+0.2	+ 3.5
Chemicals and allied products	105.2	105.2	105.2	105.2	100.2	0	0	+ 5.0
Housefurnishing goods	106.0	106.0	106.0	106.0	104.2	0	0	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	92.4	0	0	+ 1.0
Raw materials	114.3	112.9	113.8	113.9	112.3	+1.2	+0.4	+ 1.8
Semimanufactured articles	93.8	93.8	93.8	93.7	92.8	0	+0.1	+ 1.1
Manufactured products	*101.1	*101.0	*101.1	*101.0	100.0	+0.1	+0.1	+ 1.1
All commodities other than farm products	*99.5	*99.5	*99.5	*99.5	98.4	0	0	+ 1.1
All commodities other than farm products and foods	*98.7	*98.7	*98.7	*98.6	97.3	0	+0.1	+ 1.4

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM ANG. 5, 1944 TO AUG. 12, 1944

Increases

Fruits and vegetables	9.2	Livestock and poultry	1.3
Other farm products	3.0	Agricultural implements	0.1
Cereal products	0.1		

Decreases

Grains	1.3	Hides and skins	0.2
Paint and paint materials	0.1		

Officers To Be Voted On At Annual Meeting Of Mortgage Bankers Association This Fall

Headed by L. E. Mahan, St. Louis, as the nominee for President, and Byron V. Kanaley, Chicago, as the nominee for Vice President, the nominating committee of the Mortgage Bankers Association of America, headed by Charles A. Mullenix, Cleveland, announced at Chicago on Aug. 5 the complete slate of officers and Governors which will be presented to the organization's members at the annual business meeting at the Edgewater Beach Hotel, Chicago, Oct. 20. Nomination has always been tantamount to election. Nominations for regional Vice-Presidents include Pacific region, Roy F. Taylor, Seattle, Vice-President, Seattle Trust and Savings Bank; Rocky Mountain region, C. W. Mead, Omaha, President, Nebraska Bond and Mortgage Corp.; Northeast Central region, Ernest H. Hackman, Ft. Wayne, Ind., President, Wayne Mortgage Co.; Southeastern region, J. C. McGee, Jackson, Miss., President, Reid-McGee and Co.; Eastern region, Guy T. O. Hollyday, Baltimore, President, Title Guarantee and Trust Co.; South Central region, C. Earl Giraldin, St. Louis, President, Giraldin Bros. Real Estate Co.; and Northwest Central region, Harry A. Fischer, Chicago, President, The Mutual National Bank.

Nominated for positions on the Board of Governors for terms expiring in 1948 were: M. T. MacDonald, Jersey City, Vice-President, The Trust Company of New Jersey; Harold D. Rutan, Executive Vice-President, The Bank for Savings in the City of New York, New York; R. C. Houser, Miami, President, Florida Bond & Mortgage Co.; C. P. Kennedy, Cincinnati, Kennedy & Stevenson; Edward F. Lambrecht, Detroit, Lambrecht Realty Co.; H. G. McCall, St. Paul, H. G. McCall Co., and R. O. Deming, Jr., Oswego, Kan., President, Deming Investment Co.

Foreign Trade Convention To Be Held In N. Y. October 9-11

Eugene P. Thomas, Chairman of the National Foreign Trade Council, in announcing the holding of the Council's 31st National Foreign Trade Convention in New York, on Oct. 9, 10 and 11, with headquarters in the Hotel Pennsylvania, says:

"With the nearer approach of Allied military victory, the program of this third wartime Convention will be carefully planned to carry forward the task of winning the economic peace, by the coordination of American viewpoints with respect to future world economic relationships that will ensure rapid recovery and expansion of international trade and commerce. In both general and group sessions there will be a comprehensive survey of the main factors that affect future trade in world markets. The cooperation of government departments and agencies, in an advisory and informative capacity, will make available government views on current problems of importance in these transitional times. Speakers of the highest reputation in their various fields will bring to the consideration of economic problems a wide knowledge of and deep insight into both their national and international aspects."

According to Mr. Thomas, the subjects to be considered will include:

The future of Lend-Lease operations; Government controls as affecting private enterprise in the foreign commercial field; the disposition of Government-owned surpluses; post-war transportation (including merchant shipping and aviation); monetary policy and exchange stabilization; the future of the reciprocal trade agreements program; foreign investments (including cartels); commercial and tax treaties, etc.

Particular emphasis, it is stated, will be placed upon the indispensability of private enterprise to American leadership in the building of a new world economic order.

Mr. Thomas adds that "it is our confident expectation that this year's convention will exert a powerful influence in the furtherance of a United States post-war reconstruction policy which will have the united support of leading national trade organizations in subsequent international conferences."

Non-Farm Real Estate Foreclosure Down 7%

Non-farm foreclosures in the United States were estimated at 4,424 for the second quarter of 1944, a reduction of 7% from the previous quarter and a decline of 37% from the second quarter of 1943. An indication of the marked improvement in the foreclosure situation is the April-June, 1944 rate of 0.8 foreclosures per 1,000 non-farm structures contrasted with a rate of 1.3 for the comparable 1943 period. The advices from the FHLB Administration on Aug. 5 further stated:

"Evidencing a slight upward trend during the quarter, 1,325 of the total number of foreclosures occurred in April, 1,535 in May, and 1,564 in June. The seasonally adjusted foreclosure index for these three months was 10.0, 10.9, and 11.4, respectively (1935-39=100).

"With an estimated 9,190 non-farm foreclosures from January to June, foreclosure activity for the first half of 1944 was 35% below that for the first six months of 1943. Each of the Bank Districts shared in the national improvement with reductions ranging from 55% in the Little Rock District to 15% in the Boston District.

"By size of county, those with less than 5,000 non-farm structures showed the greatest improvement in foreclosure activity with a decline of 53.5% from the first half of 1943 to the first half of 1944. While reductions in foreclosures occurred in all county size groups, the extent of improvement became relatively smaller with each succeedingly larger size group.

November AIB Nat. Forum, Seminar Month

November will be observed as National Forum and Seminar Month by the American Institute of Banking, and each of the Institute's 201 chapters is being urged by Edward F. Gee, Chairman of the National Forum and Seminar Committee, to present one special program during that period. In a recent letter to the chapters, Mr. Gee announced that arrangements have been made by the committee with the Office of the Coordinator of Inter-American Affairs in Washington, D. C., to make sound films, and capable speakers about South America available to chapters in all parts of the country. The committee has asked that every chapter sponsor a seminar program and hold at least one forum meeting during the course of the year on the general theme, "Inter-American Trade and Travel in the Post-War World."

Program material available to the chapters from the office of the Coordinator of Inter-American Affairs includes a choice of 50 sound moving pictures, many of which are in color, a series of booklets on each of the South American countries presenting economic, cultural and historical facts, and a leaflet on program suggestions as well as other material. The office also said that 1,500 speakers are available to discuss various South American subjects.

Market Value Of Bonds On N. Y. Stock Exchange

As of the close of business July 31, there were 1,065 bond issues, aggregating $101,559,186,057 par value, listed on the New York Stock Exchange with a total market value of $102,284,657,208. This compares with 1,057 bond issues aggregating $95,728,780,260 par value; total market value $96,235,324,054; average price of 100.53 on June 30.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	July 31, 1944 Market Value $	July 31, 1944 Average Price $	June 30, 1944 Market Value $	June 30, 1944 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	85,578,388,793	103.08	79,385,574,925	103.15
U. S. companies:				
Amusement	7,359,375	98.13	7,350,000	98.00
Automobile	7,714,000	101.50	7,704,500	101.38
Building	13,379,000	102.13	13,334,625	101.79
Business and office equipment	15,133,010	107.00	15,133,010	107.00
Chemical	44,423,875	103.79	44,313,250	103.54
Electrical equipment	20,300,000	101.50	20,200,000	101.00
Financial	40,081,458	102.50	40,081,565	102.50
Food	254,856,242	106.35	254,980,625	106.40
Land and realty	10,901,291	92.16	10,895,081	92.10
Machinery and metals	35,316,135	102.48	35,167,718	102,04
Mining (excluding iron)	92,173,592	71.12	92,536,771	71.31
Paper and publishing	32,174,958	104.30	33,823,406	104.14
Petroleum	641,881,733	104.14	629,389,618	104.02
Railroad	8,032,336,418	84.14	8,075,478,116	83.42
Retail merchandising	12,785,368	94.15	12,911,944	95.08
Rubber	69,605,596	104.70	69,413,196	104.41
Shipping services	19,571,658	91.97	19,485,283	91.56
Steel, iron and coke	393,594,997	103.69	410,168,275	103.53
Textiles	36,487,500	104.25	36,487,500	104.25
Tobacco	172,658,609	105.78	173,003,439	105.57
Utilities:				
Gas and electric (operating)	3,203,371,800	108.07	3,194,794,420	108.25
Gas and electric (holding)	60,710,360	108.57	60,820,360	108.77
Communications	1,165,512,094	112.66	1,170,915,688	112.80
Miscellaneous utilities	103,463,376	71.94	102,984,749	71.28
U. S. companies oper. abroad	148,103,389	84.25	150,605,244	85.58
Miscellaneous businesses	31,341,030	106.14	31,234,780	105.78
Total U. S. companies	14,665,246,864	92.60	14,713,213,163	92.13
Foreign government	1,394,946,013	70.17	1,408,150,991	70.26
Foreign companies	646,075,538	90.30	728,384,975	91.59
All listed bonds	102,284,657,208	100.71	96,235,324,054	100.53

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1942—	Market Value $	Average Price $
July 31	61,277,620,583	95.76
Aug. 31	62,720,371,752	96.08
Sept. 30	62,765,776,218	96.18
Oct. 31	64,843,877,284	96.48
Nov. 30	64,543,971,299	96.11
Dec. 31	70,583,644,622	96.70
1943—		
Jan. 30	71,038,674,932	97.47
Feb. 27	71,346,452,852	97.79
Mar. 31	71,575,183,604	98.24
Apr. 30	71,857,596,488	98.69
May 29	81,048,543,830	99.47
June 30	80,704,321,646	99.64
July 31	80,352,221,151	99.35

1943—	Market Value $	Average Price $
Aug. 31	80,109,269,964	99.23
Sept. 30	80,149,558,292	99.37
Oct. 30	90,501,768,934	99.45
Nov. 30	90,076,888,558	99.02
Dec. 31	90,274,071,634	99.38
1944—		
Jan. 31	90,544,387,232	99.78
Feb. 29	96,837,573,171	100.21
Mar. 31	95,713,288,544	100.32
Apr. 29	95,305,318,075	100.31
May 31	93,849,254,814	100.62
June 30	96,235,324,054	100.53
July 31	102,284,657,208	100.71

Supply And Distribution Of Domestic & Foreign Cotton In U. S.—Season Of 1943-44

The preliminary report for the several items of the Supply and Distribution of Cotton in the United States for the 12 months ending July 31, 1944, are presented in the following tabular statements. Number I shows the principal items of supply and distribution; Number II the comparative figures of stocks held on July 31, 1943 and 1944; and Number III further details concerning the supply and the distribution. The quantities are given in running bales, except that round bales are counted as half bales and foreign cotton in equivalent 500-pound bales. Linters are not included.

I—Cotton Ginned, Consumed, and Detroyed In The United States For The 12 Months Ending July 31, 1944

	Bales
Ginnings from Aug. 1, 1943 to July 31, 1944	11,069,653
Consumed	9,942,070
Destroyed (baled cotton)	50,000

II—Stocks of Cotton In The United States July 31, 1944 and 1943

	1944 Bales	1943 Bales
In consuming establishments	1,873,187	2,115,323
In public storages and at compresses	8,245,641	7,676,629
*Elsewhere (partially estimated)	608,000	685,000
Total	10,726,828	10,656,952

III—Supply and Distribution of Domestic and Foreign Cotton In The United States For The 12 Months Ending July 31, 1944

SUPPLY

	Bales	Bales
Stocks on hand Aug. 1, 1943, total		10,656,952
In consuming establishments	2,115,323	
In public storages and at compresses	7,676,629	
*Elsewhere (partially estimated)	865,000	
Ginnings during 12 months, total		11,069,653
Crop of 1943 after July 31, 1943	11,021,471	
Crop of 1944 to Aug. 1, 1944	48,182	

DISTRIBUTION

Consumed		9,942,070
Destroyed (baled cotton)		50,000
Stocks on hand July 31, 1944, total		10,726,828
In consuming establishments	1,873,187	
In public storages and at compresses	8,245,641	
*Elsewhere (partially estimated)	608,000	

*Includes cotton for export on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; cotton on farms, etc.

Note—Foreign cottons included in above items are 113,582 bales consumed; 87,956 on hand Aug. 1, 1943; and 117,974 on hand July 31, 1944.

SUPPLY AND DISTRIBUTION STATISTICS FOR LINTERS

Quantities are in running bales

(Not included in cotton statistics above)

Stocks of linters Aug. 1, 1943, were 739,114 bales; production during twelve months ending July 31, 1944, 1,183,115; consumption 1,362,298; destroyed 3,000; and stocks July 31, 1944, 569,250.

Statutory Debt Limitation As Of July 31, 1944

The Treasury Department made public on August 5 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended), outstanding on July 31, 1944, totaled $216,149,252,172, thus leaving the face amount of obligations which may be issued, subject to the $260,000,000,000 statutory debt limitation at $43,850,747,828. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($216,149,252,172) should be deducted $8,701,991,095 (the unearned discount on savings bonds), reducing the total to $207,447,261,077, but to this figure should be added $1,126,333,349 (the other public debt obligations outstanding but not subject to the statutory limitation). Thus, the total gross debt outstanding as of July 31, 1944, was $208,573,594,426.

The following is the Treasury's report for July 31:

Statutory Debt Limitation as of July 31, 1944

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $260,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$260,000,000,000
Outstanding as of May 31, 1944:			
Interest-bearing:			
Bonds—			
Treasury	$81,096,896,350		
*Savings (maturity value)	45,239,754,875		
Depositary	482,196,250		
Adjusted service	716,720,757		
		$127,535,568,232	
Treasury notes	$36,465,279,675		
Certificates of indebtedness	36,098,531,000		
Treasury bills (maturity value)	15,523,884,000		
		88,087,694,675	
		$215,623,262,907	
Matured obligations on which interest has ceased		167,800,674	
Bearing no interest:			
U. S. savings stamps	180,398,956		
Excess profits tax refund bonds	177,789,635		
		358,188,591	
			216,149,252,172
Face amount of obligations issuable under above authority			$43,850,747,828

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY JULY 31, 1944

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act		$216,149,252,172
Deduct, unearned discount on Savings Bonds (difference between current redemption value and maturity value)		8,701,991,095
		$207,447,261,077
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (postal savings, etc.)	$195,917,540	
Matured obligations on which interest has ceased	7,546,160	
Bearing no interest	922,869,649	
		1,126,333,349
Total gross debt outstanding as of July 31, 1944		$208,573,594,426

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $36,537,763,780.

Latest Summary Of Copper Statistics

The Copper Institute on Aug. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
7 Mos. 1944	654,665	660,495	966,622	----	48,050	— 5,830	— 4,071
July, 1943	100,456	105,589	129,631	----	55,097	— 5,133	— 610
Aug., 1943	97,413	100,077	147,135	----	53,726	— 2,664	— 1,371
Sep., 1943	98,867	98,333	141,111	----	45,844	+ 534	— 7,882
Oct., 1943	102,589	97,274	129,212	----	47,148	+ 5,315	+ 1,304
Nov., 1943	99,340	102,136	138,881	----	52,027	— 2,796	+ 4,879
Dec., 1943	98,568	104,644	115,850	----	52,121	— 6,076	+ 94
Jan., 1944	95,424	92,781	101,779	----	45,800	+ 2,643	— 6.321
Feb., 1944	95,713	87,128	124,532	----	36,489	+ 8,585	— 9,311
Mar., 1944	101,289	99,118	156,083	----	37,259	+ 2,171	+ 770
Apr., 1944	92,779	95,280	155,877	----	38,382	— 2,501	+ 1,123
May, 1944	94,624	98,580	165,714	----	37,074	— 3,956	— 1,308
§June, 1944	89,102	93,958	140,932	----	42,467	— 4,856	+ 5,393
July, 1944	85,734	93,650	121,705	----	48,050	— 7,916	+ 5,583

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Corrected figures.

Doughton Satisfied With Post-War Taxation Studies

Satisfaction was expressed on July 31 by Chairman Doughton of the House Ways and Means Committee at the progress in post-war taxation studies made during the Congressional recess by experts of a joint committee and the tax staffs of the Treasury and the Bureau of Internal Revenue, working in unison. The statement was also made at the same time by Chairman Doughton that Congressional tax leaders would be ready, when the war ended, to stimulate economic expansion by making broad adjustments in tax burdens of individuals and corporations. "But at the same time," he added, "we should pay something on the national debt, if it can be done without crippling industry."

Stating that Chairman Doughton voiced doubt, however, that a precise tax law for the peacetime economy could be enacted until after the war, the Associated Press advices from Washington July 31, as given in the New York "Times," further indicated him as saying that "before we write a detailed law we've first got to have some idea of what the post-war Federal budget will amount to, an estimate of the peacetime national income, and an idea of the amount that would be raised by present rates."

He said that he expected repeal or modification at once after the war of the 95% excess profits tax on corporations and repeal of the $5 use tax on automobiles, along with summary reductions in the excise taxes. Then, he added, Congress could take a look at the economic situation and write a law speedily to adjust individual and corporation levies to encourage private endeavor and expand employment.

The Democratic and Republican platforms call for tax reductions when the war is over.

"Information and statistical data are being compiled, as well as suggestions and recommendations of various groups and organizations interested," Mr. Doughton stated. "Informal discussions and conferences have been held with a group sponsoring the Twin Cities (Minneapolis-St. Paul) plan and the business group of the Committee on Economic Development.

"Other conferences have been scheduled by the staffs with many other groups and organizations, as well as individual business representatives.

"These conferences and discussions will continue for several weeks and it is believed that the material and views thus obtained will greatly facilitate the work of the joint committee on internal revenue taxation in the preparation of its report on post-war taxation.

"I can assure the country that as soon as the staffs have completed this most important preliminary work, I shall call the committee together to start formulating a post-war tax policy and plan for submission to the Committee on Ways and Means of the House and Finance Committee of the Senate."

Second Quarter Rayon Output

Production of rayon yarn by American mills in the second quarter of 1944 totaled 135,700,000 pounds, states "Rayon Organon," published by the Textile Economics Bureau, Inc., on Aug. 8. This record output, says the "Organon," compares with production of 135,500,000 pounds in the first quarter of 1944 and with 123,600,000 pounds in the second quarter of 1943.

Viscose - cuprammonium yarn output declined from 92,900,000 pounds in the first quarter to 92,200,000 pounds in the second quarter of 1944. On the other hand, the production of acetate yarn increased from 42,600,000 pounds to 43,500,000 pounds in the same comparison, the Textile Bureau reports; it adds:

"Staple fiber production in the second quarter dropped 3% to 41,400,000 pounds as compared with 42,700,000 pounds produced in the first quarter of the year. Output in the second quarter of 1943 totaled 39,800,000 pounds.

"Deliveries of rayon filament yarn by American mills totaled 41,600,000 pounds in July, according to the "Organon," compared with 43,900,000 pounds shipped in June and 40,000,000 pounds in July, 1943. Seven months' shipments totaled 304,400,000 pounds compared with 282,600,000 pounds in the corresponding 1943 period, an increase of 8%.

"Staple fiber shipments in July totaled 13,400,000 pounds against 14,300,000 pounds in June and 13,200,000 pounds in July 1943. Seven months' shipments totaled 96,000,000 pounds against 91,900,000 pounds in the corresponding 1943 period.

"Filament rayon yarn stocks on July 31st totaled 6,500,000 pounds against 7,300,000 pounds on hand June 30, 1944, and 6,400,000 pounds on hand on July 31, 1943. Staple fiber stocks totaled 3,100,000 pounds on July 31st against 2,600,000 pounds on June 30, 1944, and 3,200,000 pounds on July 31, 1943."

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The New York Stock Exchange issued on Aug. 16 the following tabulation of companies reporting changes in the amount of stock held as heretofore reported by the Department of Stock List:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Adams Express Company, The, common	1,053,199	1,083,989	
American Locomotive Company, 7% cum. preferred	10,700	12,700	
American Safety Razor Corporation, capital	1,000	48,000	
Associates Investment Company, 5% cum. preferred	None	21	
Associates Investment Company, common	45,076	45,321	
Atlantic Gulf & West Indies Steamship Lines, pfd.	2,900	3,000	
Atlas Corporation, common	63,892	68,299	
Atlas Corporation, 6% preferred	19	25	
Barker Bros. Corporation, 5½% cum. preferred	15,256	14,360	
Borden Company, The, capital	136,292	160,392	
Bucyrus-Erie Company, 7% preferred	13,838	13,841	
Consolidation Coal Company, preferred	None	2,000	
Copperweld Steel Company, cum. conv. pfd.	10,159	10,389	
Crucible Steel Company of America, 5% conv. pfd.	2,100	2,800	
Davega Stores Corporation, common	18,350	None	(1)
Engineers Public Service Company, Inc., $5 divd. cum. pfd.	None	2,140	
Engineers Public Service Co., Inc., $5.50 cum. divd. pfd.	None	760	
Engineers Public Service Co., Inc., $6 cum. divd. pfd.	None	100	
Florsheim Shoe Company, The, class "A" common	200	1,200	
Franklin Simon & Co., Inc., 7% cum. pfd.	530	670	
General Motors Corporation, common	124,206	49,100	(2)
Jewel Tea Company, Inc., common	2,429	2,419	
Kalamazoo Stove & Furnace Co., capital	None	5,980	
Madison Square Garden Corporation, capital	37,600	38,200	
Mead Corporation, The, $5.50 pfd. "B"	3,200	3,220	
Nash-Kelvinator Corporation, capital	84,413	84,414	
Newport News Shipbuilding & Dry Dock Company— $5 cumulated convertible preferred	32,800	34,200	
Norfolk & Western Railway Co., adj. preferred	9,267	9,467	
Pacific Finance Corporation of California, common	None	100	
Plymouth Oil Company, common	16,284	16,584	
Safeway Stores, Incorporated, 5% cum. preferred	93	95	
Sheaffer (W. A.) Pen Company, common	2,642	2,304	
Sinclair Oil Corporation, common	1,104,125	954,125	
Sterling Drug, Inc., capital	8,634	9,034	
Transamerica Corporation, capital	1,220,100	1,223,956	
United Merchants & Manufacturers, Inc., 5% cum, pfd.	3,225	3,275	
Universal Laboratories, Inc., preferred	6,712	1,568	(3)
Twentieth Century Fox Film Corp., preferred	58,831	64,831	

NOTES

(1) Acquired 100; retired 18,450.

(2) Acquired 5,900 shares; disposed of 81,006 as bonus to employees.

(3) Figures adjusted to reflect status after merger in June of 1943 and subsequent changes to date.

The New York Curb Exchange made available on Aug. 18 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report
American General Corp., common	385,460	385,472
Carman & Co., Inc., class "A"	530	605
Dennison Manufacturing Co., "A" common	10,869	11,056
Detroit Gasket & Mfg. Co., 6% preferred	9,366	9,566
Equity Sorporation, $3 conv. preferred	55,698	56,748
Esquire, Inc., capital	44,163	46,163
General Finance Corp., 5% "A" preferred	41,086	42,077
Lane Bryant, Inc., 7% preferred	80	180
Midland Oil Corporation, $2 conv. preferred	12,045	12,095
Nehi Corporation, first preferred	34	44
Ogden Corporation, common	453	457
Paramount Motors Corp., common	76,021	76,321
Root Petroleum Co., $1.20 conv. pref.	6,917	7,017
Starrett Corporation, v. t. c. common	26	27
Trunz, Inc., common	19,456	19,595
United Cigar-Whelan Stores Corp., common	12,243	12,247

June Hotel Sales Higher

In its August bulletin, Horwath & Horwath, New York, public accountants, report that, "nearly all the cities and sections had larger gains over a year ago in June than in May, and the over-all increase in total sales was 12% compared with 9% the month before. The Pacific Coast led with one of 15%, followed closely by New York City with 14%; and proof that the whole country is sharing in the present good business is found in the fact that the third largest improvement is scored by the group of widely scattered miscellaneous hotels. All Others; its pickup in total business over June, 1943, was 13%."

"Whereas," says the report, "the rule for quite a long time was much larger increases in restaurant than in room sales, there is now a tendency in the other direction, and our table actually shows two small declines of 1% each in restaurant sales from a year ago—for Philadelphia and Cleveland. Both were caused by considerable drops in beverage business and Texas too shows one in those sales. A strikingly contrasted picture is presented by the Pacific Coast, which not only has a larger increase in restaurant sales than in rooms, but also a much larger one in beverage sales than in food—28% compared with 15%.

"Worth noting this month is a new high average occupancy of 94% for New York; the lowest ever recorded for that city in these reports was 37% in July, 1932, and the lowest for any June was 47% that same year—exactly half that for June, 1944." The firm supplies the following statistical data:

JUNE, 1944, COMPARED WITH JUNE, 1943

	Sales, Increase or Decrease					Occupancy		Room Rate†
	Total*	Rooms	Total Restaurant	Food	Beverages	June 1944	June 1943	Increase or Decr.
New York City	+14%	+14%	+15%	+15%	+15%	94%	88%	+ 7%
Chicago	+ 7	+ 8	+ 7	+ 8	+ 5	88	84	+ 3
Philadelphia	+ 4	+ 7	— 1	+ 5	— 8	82	82	+ 7
Washington	+ 5	+11	+ 4	+ 2	+13	96	93	+ 7
Cleveland	+ 3	+ 8	— 1	+12	—15	87	85	+ 5
Detroit	+12	+10	+14	+21	+ 1	91	89	+ 8
Pacific Coast	+15	+12	+19	+15	+28	85	81	+ 7
Texas	+ 5	+ 4	+ 7	+12	—15	92	92	+ 4
All others	+13	+11	+14	+16	+11	87	81	+ 3
Total	+12%	+10%	+14%	+15%	+12%	88%	84%	+ 5%
Year to Date	+14%	+11%	+17%	+17%	+17%	88%	83%	+ 5%
MONTHLY TOTALS FOR LAST SIX MONTHS								
June, 1944	+12%	+10%	+14%	+15%	+12%	88%	84%	+ 5%
May	+ 9	+ 7	+10	+11	+ 8	88	85	+ 4
April	+14	+11	+18	+18	+17	88	83	+ 5
March	+16	+12	+19	+19	+20	88	83	+ 6
February	+17	+13	+21	+20	+22	88	82	+ 5
January	+18	+14	+22	+21	+23	87	81	+ 6

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

Bankers' Dollar Acceptances Outstanding On July 31 Decrease To $110,250,000

The volume of bankers' dollar acceptances outstanding on July 31 amounted to $110,250,000, a decrease of $1,425,000 from the June 30 total, according to the monthly acceptance survey issued Aug. 14 by the Federal Reserve Bank of New York. As compared with a year ago, the July 31 total represents a loss of $28,442,000.

In the month-to-month comparison, imports, domestic shipments, dollar exchange, and those based on goods stored in or shipped between foreign countries were lower, and exports and domestic warehouse credits were higher, while in the yearly analysis all the items for July, 1944 are lower than a year ago.

The Reserve Bank's report follows:

BANKERS DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	July 31, '44	June 30, '44	July 31, '43
1 Boston	$20,450,000	$18,999,000	$28,442,000
2 New York	64,696,000	66,716,000	79,809,000
3 Philadelphia	6,715,000	6,357,000	7,203,000
4 Cleveland	1,876,000	709,000	1,443,000
5 Richmond	1,036,000	1,189,000	1,719,000
6 Atlanta	2,676,000	3,115,000	2,019,000
7 Chicago	4,247,000	4,059,000	5,273,000
8 St. Louis	747,000	937,000	687,000
9 Minneapolis	64,000	69,000	273,000
10 Kansas City	------	------	------
11 Dallas	142,000	108,000	549,000
12 San Francisco	7,601,000	9,417,000	11,275,000
Grand Total	$110,250,000	$111,675,000	$138,692,000

Decrease for month $1,425,000 Decrease for year $28,442,000

ACCORDING TO NATURE OF CREDIT

	July 31, '44	June 30, '44	July 31, '43
Imports	$72,319,000	$73,943,000	$81,471,000
Exports	11,729,000	10,764,000	11,809,000
Domestic shipments	8,858,000	9,152,000	9,785,000
Domestic warehouse credits	15,005,000	14,734,000	25,507,000
Dollar exchange	193,000	226,000	195,000
Based on goods stored in or shipped between foreign countries	2,146,000	2,856,000	9,925,000

BILLS HELD BY ACCEPTING BANKS

Own bills $46,498,000 Bills of others $41,209,000 Total $87,707,000

Increase for month $1,188,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES, AUG. 14, 1944

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since June 30, 1941:

1941—	$	1942—	$	1943—	$
Aug. 30	197,472,000	Aug. 31	139,304,000	Aug. 31	130,244,000
Sept. 30	176,801,000	Sept. 30	123,494,000	Sept. 30	117,016,000
Oct. 31	184,806,000	Oct. 31	118,581,000	Oct. 30	114,883,000
Nov. 29	193,590,000	Nov. 30	116,067,000	Nov. 30	111,289,000
Dec. 31	194,220,000	Dec. 31	118,039,000	Dec. 31	116,814,000
1942—		1943—		1944—	
Jan. 31	197,278,000	Jan. 30	119,682,000	Jan. 31	120,497,000
Feb. 28	190,010,000	Feb. 27	127,062,000	Feb. 29	134,772,000
Mar. 31	182,675,000	Mar. 31	129,818,000	Mar. 31	129,358,000
Apr. 30	177,293,000	Apr. 30	128,350,000	Apr. 29	125,566,000
May 29	173,906,000	May 29	135,815,000	May 31	113,139,000
June 30	162,849,000	June 30	139,846,000	June 30	111,675,000
July 31	156,302,000	July 31	138,692,000	July 31	110,250,000

Steel Output Again Declines — Orders Heavy— War Pressure Continues—General Buying Lags

"Factors, more or less non-operative since America entered the war, have begun to creep into the steel industry market within the past few weeks," the "Iron Age" states in its issue of today (Aug. 24), further adding: "While some of them are still quite weak, others bear all the earmarks of those items which, during normal times, establish definite trends in the iron and steel industry.

"Within the past week the scrap markets throughout the country have become definitely weaker, which has been reflected, either by actual quotations and sales below the OPA ceilings or by a complete lack of activity. In normal times such factors have always indicated the imminence of a downward trend in scrap prices. Whether or not this will materialize in the present case remains to be seen, but district reports seem to definitely indicate an overall lower level in iron and steel scrap prices. The defeat of Germany, which apparently is being anticipated in the present scrap market movements, will, when it becomes a definite fact, probably have a more concrete effect upon scrap quotations. Declines in quotations of various grades of scrap have been noted this week in such districts as New York, Philadelphia, Pittsburgh and Cleveland, and the absence of springboard payments, a device for bringing scrap in from out of the district, is practically universal.

"On the steel order front, market trends this week are mixed. Currently orders are heavy, shipments are strong and backlogs are undergoing little change. This is especially true in such centers as Pittsburgh and Cleveland where the shell steel program is exerting the greatest effect upon steel production schedules. The Pittsburgh area, where demand for heavier products is predominant, shows little or no sign of slackening order volume. Current reports of restricted buying and heavy cancellations are not borne out in that area. Practically all major steel districts report no heavy volume of cancellations.

"Tonnage for the principal outstanding war programs now appears to have been placed with the possible exception of the shell steel program. Reduced buying as result of war contracts is expected to materialize in the coming months. Significant along this line is the report that the Maritime Commission, which has been an exceptionally heavy buyer of plates may become a less important customer towards the end of the year. WPB is understood to be considering a reduction in the Maritime steel directives for December."

The American Iron and Steel Institute on Aug. 21 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 94.5% of capacity for the week beginning Aug. 21, compared with 96.0% one week ago, 95.9% one month ago, and 99.4% one year ago. The operating rate for the week beginning Aug. 21 is equivalent to 1,692,800 tons of steel ingots and castings, compared to 1,719,600 tons one week ago, 1,717,800 tons one month ago, and 1,732,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets on Aug. 21, stated in part as follows:

"Increasingly definite indication that the European war is in its closing phases is bringing a pause in placing of steel orders for both near and remote delivery.

"Little change is apparent in pressure for delivery of tonnage already on books but consumers are not placing as much business as recently. Mills are under heavy pressure for essential war needs but in some other directions easing is apparent and the situation is irregular.

"At mid-August, when producers were permitted to begin shipments against the following month's commitments, if they are in a position to do so, there have been relatively few requests from consumers or warehousemen for advance tonnage, some producers assert. While it is true the sold-up condition of mills is recognized, it is pointed out that if the situation were as tight as recently buyers at least would have tried to obtain shipments. An eastern plate producer reported that he had not received any request of this character. Some jobbers are not doing as much business as formerly and an increasing disposition is shown by consumers to take steel as it is due, without seeking to advance their orders.

"Plate buying is easier, with most producers offering December and January.

"Work has been completed on allocation of steel requirements for fourth quarter with tonnage practically the same as for third quarter. It is understood it is at about 110% of rated capacity. Tin plate export requirements have increased for fourth quarter, the Tin Plate Advisory Committee has been told. Production requirements for fourth quarter will be 750,000 tons. The major portion of 148,000 tons earmarked for export has been allocated for lend-lease requirements of about 82,000 tons, the remaining tonnage being allotted to Latin-American requirements."

Williamson Quits Bank Post

Frederick E. Williamson, a director of the Federal Reserve Bank of New York since Jan. 1, 1942, has, for reasons of health, tendered his resignation as a director. The board of directors of the bank, at its meeting held on August 17, accepted Mr. Williamson's resignation, said Beardsley Ruml, Chairman of the board of the bank on Aug. 17. He added:

"Mr. Williamson was elected as a class B director of this bank for a term of three years ending Dec. 31, 1944, by member banks in Group 2 which consists of banks with capital and surplus of more than $300,000 and less than $10,000,000.

"In view of the fact that a regular election by the member banks in Group 2 is scheduled to be held this fall for the purpose of electing a class A director and a class B director for the three-year term commencing Jan. 1, 1945, a special election will not be held for the purpose of electing a director to fill the unexpired portion of Mr. Williamson's term ending Dec. 31, 1944."

Eddy Envoy To Arabia

On August 11 the Senate confirmed the nomination of Col. William A. Eddy, of the U. S. Marine Corps, as a special Envoy and Minister Plenipotentiary to the Kingdom of Saudi Arabia.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 22	119.88	112.75	118.60	117.40	112.37	103.30	106.92	114.27	117.20
21	119.88	112.75	118.60	117.20	112.56	103.30	106.92	114.27	117.20
19	Stock Exchange Closed.								
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
17	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
16	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
15	119.86	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.40
14	119.92	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
12	119.88	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
10	119.88	112.56	118.60	117.20	112.19	103.30	106.92	114.08	117.00
9	120.01	112.56	118.60	117.00	112.19	103.30	106.74	114.08	117.20
8	120.03	112.56	118.60	117.00	112.19	103.30	106.74	114.27	[illegible]
7	120.00	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.20
5	120.05	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.00
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
3	120.14	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
2	120.14	112.56	118.80	117.00	112.19	103.30	106.92	114.08	117.20
1	120.09	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.75	118.80	117.40	112.56	103.30	106.92	114.27	117.40
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago Aug. 21, 1943	120.20	111.25	119.20	116.80	111.62	99.04	103.30	114.08	117.00
2 Years Ago Aug. 22, 1942	117.93	107.09	117.00	113.31	108.16	92.06	96.54	111.62	114.08

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 22	1.81	3.02	2.72	2.78	3.04	3.55	3.34	2.94	2.79
21	1.81	3.02	2.72	2.79	3.03	3.55	3.34	2.94	2.79
19	Stock Exchange Closed.								
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
17	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
16	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
15	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.78
14	1.80	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
12	1.81	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
10	1.81	3.03	2.72	2.79	3.05	3.55	3.34	2.95	2.80
9	1.80	3.03	2.72	2.80	3.05	3.55	3.35	2.95	2.79
8	1.79	3.03	2.72	2.80	3.05	3.55	3.35	2.94	2.80
7	1.80	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.73
5	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.80
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
3	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
2	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.95	2.79
1	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.03	3.55	3.34	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago Aug. 21, 1943	1.84	3.10	2.69	2.81	3.08	3.81	3.55	2.95	2.80
2 Years Ago Aug. 22, 1942	2.02	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Non-Ferrous Metals — Lead Consumption Close To Peak Levels—Slab Zinc Stocks At New High

"E. & M. J. Metal and Mineral Markets," in its issue of August 17, stated: "Demand for September lead was quite active during the last week, with consumption at close to peak levels. Call for copper and zinc for delivery next month remained on the conservative side, indicating that consumers expect to encounter no difficulties in obtaining all of the metals required for the war program and limited civilian products. WPB issued another one of its orders on reconversion, but immediate results in expanding consumption of nonferrous metals for civilian needs are likely to be insignificant, the trade believes, as the manpower problem dominates the entire program. Quicksilver on spot was firmly held and slightly higher prices were paid in this market." The publication further goes on to say in part:

Copper

Donald M. Nelson, head of WPB, revealed on Aug. 15, that the Government's stockpile of copper on June 30 amounted to 279,000 tons. He added, however, that on the basis of present programs the stockpile is expected to drop to around 130,000 tons a year from that date. Industry authorities were at a loss in trying to calculate just how this substantial lowerng of the stockpile could be brought about. The stockpile probablly increased during July and August.

The July statistics of Copper Institute showed that deliveries declined to 121,705 tons. The figure was somewhat lower than anticipated, and reflected temporary slackening in activity at fabricating plants, due to vacations, repairs, etc.

Canada produced 23,873 tons of copper in June, against 24,179 tons in May.

Lead

As expected, demand for lead was quite active during the last week, following the trend of recent months. Consumers have been asked to mail statements to WPB on Aug. 16 showing the quantity of foreign metal that will be needed next month to cover their requirements.

Domestic sales of lead for the week amounted to 9,566 tons, against 7,344 tons in the week previous.

Canada produced 9,872 tons of lead during June, making the total for the first half of the year 76,117 tons, against 119,818 tons in the Jan.-June period of 1943.

Zinc

Buying of zinc for September delivery will increase in a day or two, following receipt of allocation certificates from Washington.

Shipments of slab zinc during July amounted to 62,951 tons, which compares with 65,785 tons in June and an average of 73,960 tons monthly for 1943, according to the American Zinc Institute. Output declined in July, but not sufficiently to keep stocks from moving upward to a new high of 234,949 tons at the end of the month.

The slab zinc statistics for June and July, in tons, compare as follows:

	June	July
Production	*73,067	72,947
Production, daily	2,436	2,353
Shipments:		
Domestic	*65,488	62,951
Export, etc.	297	----
Totals	*65,785	62,951
Stock at end	224,953	234,949

*Corrected.

Production of slab zinc during the first seven months of 1944 totaled 566,893 tons, which compares with 556,912 tons in the same period last year.

Magnesium

The magnesium industry is entirely capable of supplying all possible needs of the Government, either for domestic use or for export, and the stockpile (about 100,000,000 lb.) is of such proportions as to give ample insurance against any kind of shortage, Willard H. Dow, President of the Dow Chemical Co., informed Donald M. Nelson, Chairman of WPB, last week. He asked WPB to remove at once all controls from the magnesium industry and to permit it to function as a private industry. Such a course, Mr. Dow maintains, would save the people money, because the Government could buy magnesium on a competitive basis.

Tin

Shipments of tinplate during the first half of 1944 totaled 1,276,428 tons, which compares with 1,233,712 tons in the same period last year, the American Iron and Steel Institute reports. Hot-dipped plate accounted for 76% of the total shipped in the Jan.-June period of the current year, and electrolytic 24%. Consumption of tin by the tinplate industry amounted to about 12,000 tons in the half-year period, according to trade estimates.

The market for tin was featureless. Straits quality tin for shipment was as follows, in cents per pound:

	Aug.	Sept.	Oct.
Aug. 10	52.000	52.000	52.000
Aug. 11	52.000	52.000	52.000
Aug. 12	52.000	52.000	52.000
Aug. 14	52.000	52.000	52.000
Aug. 15	52.000	52.000	52.000
Aug. 16	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

Spot and nearby quicksilver was tightly held and as the week ended sellers regarded $105 per flask as the low on round lots, with small parcels bringing from $106 to $108 per flask. Production for July probably was even smaller than that of June, and August may drop below the July level, according to trade authorities. Most of the buying interest has been confined to spot and nearby metal. October forward quotations are wholly nominal.

Silver

Press advices from Bombay state that the Indian Government is combating the inflationary trend in silver prices in that market by offering Lend-Lease metal obtained from the United States. The price at Bombay has advanced to around $1.06 an ounce. Monetary authorities point out that prices obtaining for precious metals in foreign markets are not a true reflection of what sellers would obtain in a free market. Controls and other local factors tend to distort price relationships.

The London market for silver was unchanged last week at 23½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Gold

Production of gold in the United States during June dropped to 69,443 oz., a new low for the war period, according to figures released by the American Bureau of Metal Statistics. Production in May was 82,318 oz. and in June last year 112,709 oz.

Gold output for the first half of 1944 was 505,560 oz., against 748,481 oz. in the same period last year.

Civil Engineering Construction $158,561,000 In July

Civil engineering construction in continental United States totals $158,561,000 for July, an average of $39,640,000 for each of the four weeks of the month. This weekly average volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 26% above the average for the five weeks of June, 1944, but 33% below the average for the five weeks of July, 1943, as reported to "Engineering News-Record" and made public on Aug. 3. The report added in part.

Private construction, on the weekly average basis, tops last month by 47% and is 46% higher than in the month last year. Public construction is up 20% compared with a month ago as both state and municipal work and federal volume report gains. Compared with a year ago, however, public work is down 43% as a result of the 51% decrease in federal. State and municipal volume is 37% higher than in the 1943 month.

Civil engineering construction volumes for the 1943 month, last month, and the current month are:

	July, 1943 (5 weeks)	June, 1944 (5 weeks)	July, 1944 (4 weeks)
Total U. S. Construction	$296,288,000	$157,811,000	$158,561,000
Private Construction	32,704,000	32,569,000	38,293,000
Public Construction	263,584,000	125,242,000	120,268,000
State and Municipal	23,200,000	31,687,000	25,460,000
Federal	240,384,000	93,555,000	94,808,000

The July volume brings the 1944 seven-month construction to $1,050,391,000, a total 49% below the $2,062,540,000 reported for the period in 1943. Private construction, $239,774,000, is 6% lower than last year, and public work, $810,617,000, is down 55% due to the 60% drop in federal volume. State and municipal construction is 9% higher than in the first seven months of 1943.

New Capital

New capital for construction purposes for July totals $1,111,014,000, a volume that compares with $2,424,122,000 in July, 1943. The current month's financing is made up of $8,650,000 in state and municipal bond sales; $500,000 in corporate security issues; $330,000 in RFC loans for construction; and $1,101,534,000 in federal appropriations for military and departmental construction.

New construction financing for the seven months of 1944, $1,554,291,000, is 47% below the $2,921,188,000 reported for the corresponding period in 1943.

Moody's Daily Commodity Index

Tuesday, Aug. 15, 1944	249.8
Wednesday, Aug. 16	250.1
Thursday, Aug. 17	250.3
Friday, Aug. 18	250.8
Saturday, Aug. 19	250.6
Monday, Aug. 21	250.6
Tuesday, Aug. 22	250.4
Two weeks ago, Aug. 8	249.2
Month ago, July 22	249.0
Year ago, Aug. 21, 1943	245.0
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

Institute Of Life Ins. Forms Women's Div.

Establishment of a Women's Division of the Institute of Life Insurance, under the direction of Mrs. Marion Stevens Eberly, was announced on Aug. 17 by Holgar J. Johnson, President of the Institute. The new division will organize activities in the women's field with the objective of reaching both the women who are owners of life insurance and those who are beneficiaries. It will cooperate with national women's organizations, assist in program planning for local groups and help in the preparation of magazine articles and radio programs directed to woman audiences. Its functions will be educational and not sales, seeking to carry the facts and fundamental data about life insurance to the women of the country. Mrs. Eberly's first business activity was in the organization formed during World War I known as "Fatherless Children of France." She later was put in charge of the office of 35 persons, directing the activities of 90 committees throughout the United States. In 1940, Mrs. Eberly became assistant director of the Club Service Bureau of the New York "Herald Tribune," and in 1943, she undertook a special project for the Office of Coordinator of Inter-American Affairs, being in charge of an exhibit and lecture series on "Inter-American Cooperation in the War Effort." She lectured before 50 organizations throughout the country on this project.

Mrs. Eberly, a graduate of Barnard College, is taking over the new division of the Institute this month and will initiate activities among women's organizations for this fall. "The Women's Division will be one of the Institute's important undertakings," Mr. Johnson said. "Its establishment," he added, "has long been under consideration in full recognition of the fact that behind most of the 130,000,000 policies in force are women as beneficiaries. This will be a women's division, directed by women, in the sole interests of women. On that basis, it should prove of invaluable benefit to everyone in the life insurance business."

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Aug. 12, 1944, is estimated at 12,110,000 net tons, an increase of 110,000 tons, or 0.9%, over the preceding week. In the corresponding week of 1943 output amounted to 12,150,000 tons. Cumulative production of soft coal from Jan. 1 to Aug. 12, 1944, totaled 389,530,000 tons, as against 360,311,000 tons in the same period in 1943, a gain of 8.1%.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 12, 1944, was estimated at 1,239,000 tons, an increase of 18,000 tons (1.5%) over the preceding week. When compared with the output in the week ended Aug. 14, 1943, there was, however, a decrease of 95,000 tons, or 7.1%. The calendar year to date shows an increase of 7.2% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Aug. 12, 1944, showed a decrease of 19,700 tons when compared with the output for the week ended Aug. 5, 1944, and was 38,400 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Aug. 12, 1944	Aug. 5, 1944	Aug. 14, 1943	*Aug. 12, 1944	Aug. 14, 1943	Aug. 14, 1937
Total incl. mine fuel	12,110,000	12,000,000	12,150,000	389,530,000	360,311,000	271,[illegible]
Daily average	2,018,000	2,000,000	2,025,000	2,039,000	1,877,000	1,428,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Aug. 12, 1944	§Aug. 5, 1944	Aug. 14, 1943	Aug. 12, 1944	Aug. 14, 1943	Aug. 14, 1937
*Total incl. coll. fuel	1,239,000	1,221,000	1,334,000	40,364,000	37,665,000	32,370,000
†Commercial produc.	1,189,000	1,172,000	1,281,000	38,751,000	36,158,000	30,752,000
Beehive coke—						
United States total	124,800	144,500	163,200	4,751,200	4,768,700	2,235,000

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	Aug. 5, 1944	July 29, 1944	Aug. 7, 1943	Aug. 7, 1937
Alabama	373,000	402,000	361,000	253,000
Alaska	5,000	5,000	5,000	2,000
Arkansas and Oklahoma	87,000	90,000	82,000	59,000
Colorado	130,000	145,000	151,000	90,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,462,000	1,440,000	1,432,000	634,000
Indiana	530,000	570,000	518,000	235,000
Iowa	35,000	41,000	39,000	37,000
Kansas and Missouri	168,000	181,000	138,000	92,000
Kentucky—Eastern	970,000	1,013,000	923,000	667,000
Kentucky—Western	352,000	406,000	299,000	122,000
Maryland	40,000	40,000	38,000	27,000
Michigan	2,000	1,000	4,000	7,000
Montana (bitum. & lignite)	79,000	75,000	78,000	42,000
New Mexico	30,000	31,000	37,000	28,000
North & South Dakota (lignite)	42,000	42,000	30,000	19,000
Ohio	670,000	678,000	638,000	346,000
Pennsylvania (bituminous)	2,920,000	3,030,000	2,985,000	2,015,000
Tennessee	124,000	150,000	141,000	96,000
Texas (bituminous & lignite)	3,000	2,000	2,000	19,000
Utah	130,000	124,000	106,000	46,000
Virginia	370,000	386,000	397,000	272,000
Washington	30,000	28,000	22,000	30,000
†West Virginia—Southern	2,151,000	2,200,000	2,315,000	1,764,000
‡West Virginia—Northern	1,142,000	1,155,000	983,000	481,000
Wyoming	154,000	154,000	158,000	95,000
§Other Western States	*	*	*	*
Total bituminous & lignite	12,000,000	12,390,000	11,883,000	7,478,000
Pennsylvania anthracite	1,221,000	1,237,000	1,309,000	511,000
Total, all coal	13,221,000	13,627,000	13,192,000	7,989,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

July War Costs Lower

War expenditures by the U. S. Government in July amounted to $7,355,000,000, a decrease of $602,000,000, or 7.6%, from expenditures in June, according to figures compiled by the Treasury Department and announced on Aug. 17 by the War Production Board, which also reported:

"Average daily war spending in July totaled $282,900,000, as compared with $306,000,000 in June. The July daily expenditures were the lowest of any month this calendar year.

"From July 1, 1940, through July 31, 1944, expenditures for war purposes amounted to $207,200,000,000.

"These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries.

"Monthly war expenditures and the average daily rates from the first quarter of 1941 to July, 1944, inclusive, are listed in the following table:

UNITED STATES WAR EXPENDITURES MONTHLY AND DAILY RATE
January, 1941—July, 1944
(In millions of dollars)

	Monthly Expenditures	Number of Days Checks were Cleared	Daily Rate
1941—			
1st quarter monthly average	$684	25	$27.4
2nd quarter monthly average	897	26	34.5
3rd quarter monthly average	1,253	26	48.2
4th quarter monthly average	1,797	25	71.9
1942—12-month total	52,406	310	$169.1
1943—12-month total	85,135	312	$272.9
1944—			
January	7,416	26	285.2
February	7,808	25	312.3
March	7,948	27	294.4
April	7,493	25	299.7
May	7,918	27	293.3
June	7,957	26	306.0
July	7,355	26	282.9

National Fertilizer Association Commodity Price Index Continues Fractional Decline

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public Aug. 21, declined fractionally to 138.3 in the week ending Aug. 19 from 138.4 in the preceding week. A month ago this index registered 138.2 and a year ago 135.1, based on the 1935-1939 average as 100. The Association's report went on to say:

The farm products group receded slightly. Although there were lower quotations on one grade of wheat, higher quotations on another grade of wheat and on rye caused the grains index number to advance slightly. Lower prices on ewes more than offset the small increase on cattle. A sharp decrease in the price of eggs took the foods group to the lowest level in the last eight-week period. The textiles group index number moved into higher ground, reflecting higher prices for raw cotton and gingham. All other group indexes remained unchanged from the previous week's level.

During the week seven price series advanced and three declined; in the preceding week there were two advances and nine declines, and in the second preceding week ther were nine advances and four declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 19, 1944	Preceding Week Aug. 12, 1944	Month Ago July 22, 1944	Year Ago Aug. 21, 1943
25.3	Foods	139.9	141.4	140.8	138.5
	Fats and Oils	145.1	145.1	145.1	145.6
	Cottonseed Oil	163.1	163.1	163.1	160.7
23.0	Farm Products	161.0	161.4	160.7	154.9
	Cotton	206.4	202.1	202.8	192.7
	Grains	155.2	154.9	158.9	146.8
	Livestock	155.4	157.0	154.6	151.2
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	131.0
8.2	Textiles	153.1	152.5	152.6	150.1
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	154.0	154.0	154.0	152.5
1.3	Chemicals and drugs	126.9	126.9	126.9	126.6
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.5	104.5	104.5	104.1
100.0	All groups combined	138.3	138.4	138.2	135.1

*Indexes on 1926-1928 base were: Aug. 19, 1944, 107.7; Aug. 12, 1944, 107.8, and Aug. 21, 1943, 105.2.

Civil Engineering Construction Tops Week Ago And Year Ago For Second Successive Week

Civil engineering construction volume in continental U. S. totals $42,335,000 for the week, and for the second successive week tops both a week ago and a year ago. The week's volume, not including the construction by military engineers abroad. American contracts outside the country, and shipbuilding, is 7% higher than last week, 2% higher than in the corresponding week last year, and 9% above the previous four-week moving average as reported to "Engineering News-Record" and made public on Aug. 17. The report continued as follows:

Public work, with an increase of 25% over a week ago and a gain of 15% over a year ago, is responsible for the higher total, as private construction is 64% and 62% lower, respectively, than last week and last year.

The current week's construction brings 1944 volume to $1,164,051,000 for the 33-week period, a total 47% below the $2,183,450,000 for the 1943 period. Private construction, $259,282,000, is 5% lower than last year, and public work, $904,769,000, is down 53% as a result of the 58% decline in Federal work. State and municipal volume is 16% above a year ago.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Aug. 19, 1943	Aug. 10, 1944	Aug. 17, 1944
Total U. S. Construction	$41,648,000	$39,507,000	$42,335,000
Private Construction	7,320,000	7,844,000	2,800,000
Public Construction	34,328,000	31,663,000	39,535,000
State and Municipal	4,758,000	7,301,000	7,540,000
Federal	29,570,000	24,362,000	31,995,000

In the classified construction groups gains over last week are in sewerage, industrial buildings, and public buildings. Sewerage and public buildings report increases over the 1943 week. Subtotals for the week in each class of construction are: waterworks, $376,000; sewerage, $1,541,000; bridges, $86,000; industrial buildings, $1,555,000; commercial building and large-scale private housing, $934,000; public buildings, $23,396,000; earthwork and drainage, $1,339,000; streets and roads, $5,128,000, and unclassified construction, $7,980,000.

New capital for construction purposes for the week totals $1,947,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1944 volume to $1,582,246,000 for the 33-week period, a total that compares with $2,925,355,000 for the corresponding period in 1943.

Debt Liquidation Now To Prepare For Peace Is Urged By Heimann Of Credit Men's Ass'n

"Debt liquidation should be the immediate concern of all individuals, proprietorships and corporations," declares Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, in his Monthly Business Review, released Aug. 15. He points out that "Dollars are reasonably easy now, making it more advantageous to liquidate debt at this time than in the post-war period. It cannot be too frequently stated that now is the time for a business or for an individual to build for his credit future.

"On the whole, debt liquidation among individuals, including the agricultural class, has been quite satisfactory," Mr. Heimann points out, "and this portends well for individual credit in the post-war period." "However," he adds, "this matter of debt liquidation should be studied by business in general. Even those engaged in war work, where it is sometimes impossible for producers of war materials to avoid sizeable loans or being considerably in debt, should at this time cast a weather eye upon their debt situation and study the means and methods of liquidating it once war contracts are terminated."

Another point stressed by the chief of the credit executives' organization is the importance of keeping credit files in "shipshape" at this time. "It is only the short-sighted credit manager," he says, "who has failed to keep his credit records up to date." Mr. Heimann went on to say:

"Whether or not these records are of normal value now when the Government is such a large buyer, it is well to remember that they will be indispensable the moment peace-time business returns. If a credit executive does not have his ledgers clean and his credit files full of adequate and up-to-the-minute information on the credit of his customers, he is failing in his professional responsibility.

"Every person in this nation desires the avoidance of large unemployment in the transition period from war to peace-time production. Up-to-the-minute credit records will accelerate the acceptance of credits and can and will contribute towards immediate production in accelerating the flow of credit to deserving sources.

"There is no world plan, that has been submitted, that does not in some way involve credit. Not only the world's recovery but the attainment of a sound economic and reasonably prosperous condition in our own country depends largely upon credit, both Govern- and private. There has been considerable discussion, some sound and some in the opinion of many unsound, relative to the utilization of credit to bring health to a sick world. However, we should begin with our own domestic situation and study the ways and means to best make use of credit as the power line of business when we return to peace-time production."

July Living Costs Up 0.6%

The cost of living of the average family of wage earners and lower-salaried clerical workers in the United States rose 0.6% in July, after having been unchanged in June, according to the National Industrial Conference Board's report released on Aug. 17, which further stated:

"The increase in living costs since the first of the year was 1.1%; since January, 1941, base month of the "Little Steel" formula, the rise amounted to 22.1%. The July index was 25.0% above that for August, 1939.

"Food prices in July advanced 1.2% over those of June, reflecting increased prices of eggs, potatoes and oranges. Housing costs rose very slightly — 0.1% — after remaining generally stable since July, 1942. There was no change from June to July in the costs of clothing, fuel and light, and sundries.

"According to the Conference Board's index of living costs on a wartime budget basis, July costs were 1.8% higher than those of July, 1943. Food costs were 0.4% lower than a year earlier, but other items in the family budget rose during the 12 months' period: housing by 0.1%; clothing by 4.0%; fuel and light by 2.8%, and sundries by 5.7%.

"The purchasing value of the dollar, based on 100 cents to the dollar in 1923 goods, was 95.2 cents in July, as compared with 95.8 cents in June, and with 97.0 cents in July, 1943."

PT Boat War Bond Exhibit

Believing that the continuous sale of war bonds is vital to an early ending of the war, the Bankers Trust Co. of New York recently opened a PT Boat War Bond Exhibit in its Fifth Avenue office to sell more war bonds now, it is announced by Guy Emerson of the Company. A preview was held on Aug. 9. The exhibit will remain open until Sept. 15.

Daily Average Crude Oil Production For Week Ended Aug. 12, 1944 Sets Another High Record

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 12, 1944 was 4,667,300 barrels, again establishing a new high record. This was an increase of 16,650 barrels per day over the previous peak reached for the week ended Aug. 5, 1944, and exceeded the corresponding week of 1943 by 427,900 barrels per day. The current figure was also 11,000 barrels per day higher than the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. Daily output for the four weeks ended Aug. 12, 1944 averaged 4,635,450 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,560,000 barrels of crude oil daily and produced 13,708,000 barrels of gasoline; 1,428,000 barrels of kerosine; 4,976,000 barrels of distillate fuel oil, and 8,264,000 barrels of residual fuel oil during the week ended Aug. 12, 1944; and had in storage at the end of that week 81,203,000 barrels of gasoline; 11,850,000 barrels of kerosine; 40,035,000 barrels of distillate fuel, and 57,003,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables begin. Aug. 1	Actual Production Week Ended Aug. 12, 1944	Actual Production Change from Previous Week	4 Weeks Ended Aug. 12, 1944	Week Ended Aug. 14, 1943
Oklahoma	332,000	340,000	†339,600	+ 500	339,850	331,450
Kansas	274,000	269,400	†277,150	+36,700	270,550	306,200
Nebraska	1,000	----	†900	----	900	1,950
Panhandle Texas			98,700	----	93,900	98,000
North Texas			148,750	----	150,150	140,400
West Texas			484,950	----	474,250	258,400
East Central Texas			147,650	----	148,000	129,950
East Texas			371,700	----	367,650	371,000
Southwest Texas			321,650	----	320,700	238,600
Coastal Texas			535,200	----	533,300	474,250
Total Texas	2,099,000	‡2,101,382	2,108,600	----	2,087,950	1,710,600
North Louisiana			73,850	+ 100	73,000	83,800
Coastal Louisiana			288,950	----	287,150	268,500
Total Louisiana	350,000	393,117	362,800	+ 100	360,150	352,300
Arkansas	78,000	78,235	81,000	+ 400	80,650	76,250
Mississippi	40,000		45,450	— 1,650	45,650	54,000
Alabama			200	----	200	----
Florida			50	----	50	----
Illinois	215,000		209,850	+ 2,650	208,200	211,200
Indiana	14,000		12,950	+ 100	12,950	12,850
Eastern— (Not incl. Ill., Ind., Ky.)	71,400		77,550	— 2,250	68,000	76,850
Kentucky	23,000		25,300	— 300	24,750	23,000
Michigan	51,000		49,400	— 8,300	51,900	61,200
Wyoming	100,000		83,800	—14,850	90,900	101,000
Montana	24,000		21,800	----	21,900	21,400
Colorado	7,900		8,150	+ 100	8,450	7,400
New Mexico	110,000	110,000	108,550	+ 50	108,500	104,000
Total East of Calif.	3,790,300		3,813,100	+13,250	3,781,500	3,451,700
California	866,000	§866,000	854,200	+ 3,400	853,950	787,700
Total United States	4,656,300		4,667,300	+16,650	4,635,450	4,239,400

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Aug. 10, 1944.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 12, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,346	93.2	6,837	37,187	20,920	17,237
Appalachian—								
District No. 1	**130**	**83.9**	104	80.0	317	2,295	494	326
District No. 2	**47**	**87.2**	60	127.7	185	1,376	278	145
Ind., Ill., Ky.	**824**	**85.2**	783	95.0	2,563	17,493	6,247	4,254
Okla., Kans., Mo.	418	80.2	377	90.2	1,281	6,869	1,799	1,454
Rocky Mountain—								
District No. 3	**13**	**17.0**	13	100.0	36	53	3	35
District No. 4	**141**	**58.3**	102	72.3	374	2,181	353	626
California	**817**	**89.9**	775	94.9	2,115	13,749	9,941	32,926
Total U. S. B. of M. basis Aug. 12, 1944	4,908	87.2	4,560	92.9	13,708	†81,203	40,035	57,003
Total U. S. B. of M. basis Aug. 5, 1944	4,908	87.2	4,529	92.3	14,144	80,801	39,410	¶56,572
U. S. Bur. of Mines basis Aug. 14, 1943			4,050		11,795	71,248	34,768	66,644

*At the request of the Petroleum Administration for War. †Finished, 68,834,000 barrels; unfinished, 12,369,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,428,000 barrels of kerosine, 4,976,000 barrels of gas oil and distillate fuel oil and 8,264,000 barrels of residual fuel oil produced during the week ended Aug. 12, 1944, which compares with 1,373,000 barrels, 4,969,000 barrels and 8,443,000 barrels, respectively, in the preceding week and 1,228,000 barrels, 4,113,000 barrels and 8,282,000 barrels, respectively, in the week ended Aug. 14, 1943. ¶Revised in combined area due to error by reporting company.

Note—Stocks of kerosine at Aug. 12, 1944 amounted to 11,850,000 barrels, as against 11,800,000 barrels a week earlier and 9,580,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Aug. 10 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 29, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 29 (in round-lot transactions) totaled 1,551,140 shares, which amount was 17.01% of the total transactions on the Exchange of 4,562,520 shares. This compares with member trading during the week ended July 22 of 2,888,580 shares, or 17.47% of the total trading of 8,268,290 shares. On the New York Curb Exchange, member trading during the week ended July 29 amounted to 417,925 shares, or 13.57% of the total volume on that exchange of 1,540,000 shares; during the July 22 week trading for the account of Curb members of 536,555 shares was 14.86% of total trading of 1,805,020 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 29, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	145,610	
‡Other sales	4,416,910	
Total sales	4,562,520	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	416,800	
Short sales	58,140	
‡Other sales	346,060	
Total sales	404,200	9.00
2. Other transactions initiated on the floor—		
Total purchases	237,960	
Short sales	17,300	
‡Other sales	208,800	
Total sales	226,100	5.09
3. Other transactions initiated off the floor—		
Total purchases	118,810	
Short sales	18,850	
‡Other sales	128,420	
Total sales	147,270	2.92
4. Total—		
Total purchases	773,570	
Short sales	94,290	
‡Other sales	683,280	
Total sales	777,570	17.01

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 29, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	11,935	
‡Other sales	1,528,065	
Total sales	1,540,000	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	125,750	
Short sales	7,320	
‡Other sales	115,375	
Total sales	122,695	8.07
2. Other transactions initiated on the floor—		
Total purchases	41,950	
Short sales	2,600	
‡Other sales	37,900	
Total sales	39,900	2.66
3. Other transactions initiated off the floor—		
Total purchases	43,415	
Short sales	400	
‡Other sales	43,815	
Total sales	44,215	2.84
4. Total—		
Total purchases	211,115	
Short sales	10,320	
‡Other sales	196,490	
Total sales	206,810	13.57
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	52,183	
Total purchases	52,183	
Total sales	41,633	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $142,900,000 of open market paper outstanding on July 31, 1944, the bank announced on Aug. 15. This compares with $136,500,000 outstanding on June 30, 1944, and $149,800,000 on July 31, 1943.

Following are the totals for the last two years:

1944—	$	1943—	$
July 31	142,900,000	July 31	149,800,000
Jun 30	136,500,000	Jun 30	143,300,000
May 31	150,700,000	May 29	159,600,000
Apr 29	171,500,000	Apr 30	178,900,000
Mar 31	194,800,000	Mar 31	200,600,000
Feb 29	213,700,000	Feb 27	209,100,000
Jan 31	208,900,000	Jan 30	220,400,000
1943—		1942—	
Dec 31	202,000,000	Dec 31	229,900,000
Nov 30	203,300,000	Nov 30	260,600,000
Oct 30	187,800,000	Oct 31	271,400,000
Sep 30	169,500,000	Sep 30	281,800,000
Aug 31	156,200,000	Aug 31	297,200,000

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 16 a summary for the week ended Aug. 5 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 5, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	17,759
Number of shares	498,766
Dollar value	$19,824,968
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	110
*Customers' other sales	17,529
Customers' total sales	17,639
Number of Shares:	
Customers' short sales	4,116
*Customers' other sales	437,933
Customers' total sales	442,049
Dollar value	$15,440,031
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	100
†Other sales	115,780
Total sales	115,880
Round-Lot Purchases by Dealers:	
Number of shares	176,310

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revise Rule On Small Packages For Army Personnel Overseas

Announcement was made on August 15 by Postmaster Albert Goldman of New York that information has been receved from the Post Office Department, Washington 25, D. C., that at the request of the War Department the provision for the acceptance of small packages, not exceeding 8 ounces in weight as ordinary mail, when prepaid at the first-class rate, for mailing to members of the armed forces overseas, without a request for the articles so sent, is modified, and hereafter this provison will not apply to such packages containing foodstuffs, including candy. The advices also state:

"The arrangement under which small packages were accepted for mailing without the presentation of a request from the addressee was established in order to facilitate the sending of small essential articles. However, the number of gift packages containing foodstuffs and candy became so great as to place a severe strain on the facilities available for their transmission overseas. Furthermore, many of these packages were not packed securely and, consequently, did not carry well in the mails.

"Foodstuffs and candy in ordinary parcels not exceeding 5 pounds in weight or 15 inches in length or 36 inches in length and girth combined may be continued to be accepted subject to the general requirement that a request therefor from the addressee must be presented at the time the packages are mailed. This does not modify the arrangement under which Chistmas parcels may be sent without a request therefor between September 15 and October 15.

"Small articles of intrinsic value bearing the first-class rate of postage may be accepted for registration when weighing not more than eight ounces, and the mailing (not registration) thereof has been specifically requested by the addressee. Such registration service is intended to cover the mailing of such items as watches, eyeglasses or fountain pens, especially desired and not readily availalblle overseas. Indemnity is payable when applicable."

Revenue Freight Car Loadings During Week Ended Aug. 12, 1944 Increased 5,714 Cars

Loading of revenue freight for the week ended Aug. 12, 1944 totaled 896,172 cars, the Association of American Railroads announced on Aug. 17. This was an increase above the corresponding week of 1943 of 9,008 cars, or 1%, and an increase above the same week in 1942 of 27,327 cars or 3.1%.

Loading of revenue freight for the week of Aug. 12 increased 5,714 cars, or 0.6% above the preceding week.

Miscellaneous freight loading totaled 397,590 cars, an increase of 2,528 cars above the preceding week, and an increase of 12,382 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 106,440 cars, an increase of 1,654 cars above the preceding week, and an increase of 5,650 cars above the corresponding week in 1943.

Coal loading amounted to 180,274 cars, an increase of 4,158 cars above the preceding week, and an increase of 3,248 cars above the corresponding week in 1943.

Grain and grain products loading totaled 51,184 cars, a decrease of 1,115 cars below the preceding week and a decrease of 6,214 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Aug. 12, totaled 35,919 cars, a decrease of 458 cars below the preceding week and a decrease of 5,772 cars below the corresponding week in 1943.

Livestock loading amounted to 15,966 cars, an increase of 297 cars above the preceding week, and an increase of 978 cars above the corresponding week in 1943. In the Western Districts alone loading of livestock for the week of Aug. 12 totaled 11,639 cars, an increase of 585 cars above the preceding week, and an increase of 677 cars above the corresponding week in 1943.

Forest products loading totaled 50,097 cars, an increase of 24 cars above the preceding week and an increase of 1,398 cars above the corresponding week in 1943.

Ore loading amounted to 80,437 cars, a decrease of 1,728 cars below the preceding week and a decrease of 8,233 cars below the corresponding week in 1943.

Coke loading amounted to 14,184 cars, a decrease of 104 cars below the preceding week, and a decrease of 201 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943, except the Eastern and Northwestern and all districts reported increases compared with 1942 except the Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
Week of August 5	890,458	872,133	850,221
Week of August 12	896,172	887,164	868,845
Total	27,199,336	26,167,175	26,967,602

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 12, 1944. During the period 66 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED AUG. 12

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	303	253	338	1,433	1,639
Bangor & Aroostook	1,166	776	836	312	255
Boston & Maine	6,499	6,617	6,052	13,163	15,328
Chicago, Indianapolis & Louisville	1,301	1,382	1,534	2,019	2,163
Central Indiana	30	29	26	46	52
Central Vermont	1,070	1,315	965	2,233	2,659
Delaware & Hudson	5,962	6,674	6,399	11,779	11,457
Delaware, Lackawanna & Western	8,020	7,869	7,540	10,008	11,302
Detroit & Mackinac	232	187	329	162	102
Detroit, Toledo & Ironton	1,757	2,232	1,702	1,257	1,134
Detroit & Toledo Shore Line	312	326	319	2,785	2,493
Erie	12,626	13,622	12,704	16,888	18,305
Grand Trunk Western	3,710	3,706	4,269	7,959	8,273
Lehigh & Hudson River	147	184	186	2,394	2,983
Lehigh & New England	2,088	2,076	2,130	1,856	1,683
Lehigh Valley	8,689	8,777	9,205	15,205	14,822
Maine Central	*2,354	2,381	2,264	*2,569	2,359
Monongahela	6,166	6,098	6,173	405	458
Montour	2,439	2,369	2,365	25	211
New York Central Lines	51,031	57,206	48,364	54,516	57,463
N. Y., N. H. & Hartford	9,259	9,766	9,600	17,591	18,344
New York, Ontario & Western	1,250	1,334	1,149	3,306	2,311
New York, Chicago & St. Louis	6,539	7,478	8,094	16,704	15,391
N. Y., Susquehanna & Western	379	561	188	2,329	2,269
Pittsburgh & Lake Erie	7,554	7,685	8,280	8,997	8,619
Pere Marquette	5,375	4,908	5,247	7,202	7,905
Pittsburg & Shawmut	920	899	774	35	17
Pittsburg, Shawmut & North	366	398	390	253	262
Pittsburgh & West Virginia	1,446	1,123	1,195	2,992	2,776
Rutland	348	326	366	1,194	1,053
Wabash	5,817	5,819	6,017	12,365	12,784
Wheeling & Lake Erie	6,455	5,144	6,324	4,249	5,274
Total	161,610	169,520	161,324	224,231	232,146
Allegheny District—					
Akron, Canton & Youngstown	729	788	658	1,368	1,153
Baltimore & Ohio	48,300	43,024	41,777	30,464	30,604
Bessemer & Lake Erie	6,905	6,021	7,014	2,140	1,905
Buffalo Creek & Gauley	334	268	271	6	3
Cambria & Indiana	1,720	1,833	1,978	15	12
Central R. R. of New Jersey	7,034	7,517	7,099	20,799	20,918
Cornwall	565	667	612	58	40
Cumberland & Pennsylvania	195	233	266	29	19
Ligonier Valley	172	136	137	27	49
Long Island	1,843	1,707	855	3,930	3,990
Penn-Reading Seashore Lines	1,963	1,976	1,932	2,480	3,008
Pennsylvania System	89,027	88,471	82,940	67,647	65,545
Reading Co.	14,737	15,733	14,425	29,250	27,175
Union (Pittsburgh)	19,157	21,528	20,795	7,471	7,186
Western Maryland	4,039	4,090	4,200	12,239	11,950
Total	196,775	193,992	184,959	177,923	173,557
Pocahontas District—					
Chesapeake & Ohio	31,035	28,990	28,922	13,765	14,180
Norfolk & Western	22,491	22,836	22,865	8,765	6,939
Virginian	4,617	4,864	4,646	2,431	2,337
Total	58,143	56,690	56,433	24,961	23,456
Southern District—					
Alabama, Tennessee & Northern	369	271	350	309	388
Atl. & W. P.—W. R. R. of Ala	801	642	667	2,609	2,667
Atlanta, Birmingham & Coast	1,003	867	921	1,229	1,183
Atlantic Coast Line	10,167	11,303	11,100	9,683	10,257
Central of Georgia	3,806	3,711	3,738	4,985	4,662
Charleston & Western Carolina	463	435	318	1,641	1,573
Clinchfield	1,895	1,727	1,745	2,941	2,815
Columbus & Greenville	196	286	464	274	159
Durham & Southern	117	83	107	499	672
Florida East Coast	861	1,409	906	1,521	1,512
Gainesville Midland	56	45	48	94	76
Georgia	1,043	1,153	1,337	2,435	3,211
Georgia & Florida	684	646	692	598	465
Gulf, Mobile & Ohio	4,516	3,936	4,415	4,385	4,661
Illinois Central System	28,625	28,573	26,988	17,342	17,483
Louisville & Nashville	26,204	24,774	25,597	11,873	11,823
Macon, Dublin & Savannah	185	250	188	650	621
Mississippi Central	328	245	186	574	441
Nashville, Chattanooga & St. L.	3,111	3,078	3,166	4,458	4,863
Norfolk Southern	807	937	957	2,203	1,480
Piedmont Northern	341	333	301	1,241	1,156
Richmond, Fred. & Potomac	479	415	434	9,627	9,546
Seaboard Air Line	9,178	10,000	9,843	8,805	7,937
Southern System	25,297	21,540	23,896	25,375	22,662
Tennessee Central	704	534	580	678	805
Winston-Salem Southbound	134	135	104	1,149	1,133
Total	121,370	117,328	119,048	117,178	114,257
Northwestern District—					
Chicago & North Western	20,138	21,486	23,151	13,802	14,716
Chicago Great Western	2,829	2,903	2,248	3,176	3,174
Chicago, Milw., St. P. & Pac.	22,507	21,157	20,886	11,233	10,574
Chicago, St. Paul, Minn. & Omaha	3,582	4,792	4,112	4,155	3,948
Duluth, Missabe & Iron Range	27,411	30,582	29,496	446	312
Duluth, South Shore & Atlantic	985	992	1,458	514	569
Elgin, Joliet & Eastern	8,901	8,038	10,013	10,957	10,522
Ft. Dodge, Des Moines & South	394	455	561	88	116
Great Northern	26,565	25,514	28,776	7,051	5,659
Green Bay & Western	520	389	497	911	1,175
Lake Superior & Ishpeming	2,328	3,149	1,916	44	51
Minneapolis & St. Louis	2,116	1,981	2,475	2,602	2,191
Minn., St. Paul & S. S. M.	6,971	8,450	7,296	3,192	2,682
Northern Pacific	11,564	11,957	11,637	6,289	5,299
Spokane International	161	187	242	628	696
Spokane, Portland & Seattle	2,840	2,890	2,755	3,406	2,382
Total	139,812	144,922	147,519	68,494	64,046
Central Western District—					
Atch., Top. & Santa Fe System	28,941	21,714	22,407	13,903	11,859
Alton	3,787	3,768	3,640	4,488	4,288
Bingham & Garfield	398	493	586	67	77
Chicago, Burlington & Quincy	20,832	20,860	19,855	12,706	11,640
Chicago & Illinois Midland	3,115	3,190	2,487	833	929
Chicago, Rock Island & Pacific	13,728	12,960	12,417	13,144	12,475
Chicago & Eastern Illinois	2,606	2,630	2,492	6,242	5,847
Colorado & Southern	749	953	855	2,723	2,034
Denver & Rio Grande Western	4,257	4,234	4,072	6,867	6,955
Denver & Salt Lake	815	761	666	94	25
Fort Worth & Denver City	1,016	1,334	1,313	1,974	1,849
Illinois Terminal	*2,638	1,963	1,755	*2,301	2,249
Missouri-Illinois	1,214	1,195	1,315	732	575
Nevada Northern	1,646	1,987	2,037	97	83
North Western Pacific	1,116	1,291	1,233	882	1,041
Peoria & Pekin Union	0	21	17	0	0
Southern Pacific (Pacific)	34,372	34,053	31,111	14,646	13,583
Toledo, Peoria & Western	268	335	343	1,830	1,751
Union Pacific System	18,289	15,747	15,985	18,614	17,257
Utah	493	610	624	1	2
Western Pacific	2,283	2,254	2,358	4,522	4,709
Total	142,563	132,293	127,568	106,666	99,228
Southwestern District—					
Burlington-Rock Island	929	532	945	390	207
Gulf Coast Lines	5,624	5,426	4,666	2,339	3,128
International-Great Northern	2,484	2,202	3,029	3,601	3,454
Kansas, Oklahoma & Gulf	263	328	345	879	1,128
Kansas City Southern	5,562	5,747	4,826	2,996	2,995
Louisiana & Arkansas	4,100	3,283	4,384	2,862	2,892
Litchfield & Madison	282	396	292	1,256	1,425
Midland Valley	747	781	683	512	359
Missouri & Arkansas	157	150	170	406	468
Missouri-Kansas-Texas Lines	6,138	5,902	5,750	4,936	5,290
Missouri Pacific	18,741	17,265	17,245	18,957	19,575
Quanah Acme & Pacific	91	55	86	330	318
St. Louis-San Francisco	10,177	8,685	9,330	9,305	10,420
St. Louis Southwestern	3,278	2,713	2,789	6,922	7,528
Texas & New Orleans	12,039	13,794	12,500	5,755	5,550
Texas & Pacific	5,143	5,049	4,807	7,044	6,088
Weatherford M. W. & N. W.	97	86	121	45	46
Wichita Falls & Southern	47	25	26	31	29
Total	75,899	72,419	71,994	68,566	70,900

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150,435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95
June 3	170,421	152,461	599,322	93	95
June 10	144,384	157,794	584,083	96	95
June 17	147,689	154,137	577,721	95	95
June 24	130,510	156,338	549,830	96	95
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

RFC Receives $125 Million From Collateral Securing Lend-Lease Loan To British

The Reconstruction Finance Corporation reported on Aug. 10 that it had received payments aggregating $125,167,187 from the collateral securing the RFC's pre-Lend-Lease loan to the United Kingdom. The Associated Press advices in the matter added:

"A loan of $425,000,000 was authorized in July, 1941, but the RFC said only $390,000,000 was actually disbursed.

"Of the total payments, $113,816,350 represents interest, dividends and other income from the collateral securing the loan and $11,350,837 represents the proceeds of the sale by the United Kingdom of a small amount of the collateral.

"The collateral includes listed and unlisted securities of United States corporations, the capital stock of 41 British owned United States insurance companies and assignment of the earnings of the insurance companies. The RFC said payments are applied first to current interest and the balance to reducing the principal of the loan."

July Cotton Consumption Report

The Census Bureau at Washington on August 16 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of July.

In the month of July, 1944, cotton consumed amounted to 724,167 bales of lint and 136,726 bales of linters as compared with 805,735 bales of lint and 118,866 bales of linters during June this year, and 839,868 bales of lint and 106,640 bales of linters in July last year.

In the 12 months ending July 31, cotton consumpton was 9,942,070 bales of lint and 1,362,298 bales of linters compared with 11,100,082 bales of lint and 1,300,936 bales of linters in the corresponding period a year ago.

There were 1,873,187 bales of lint and 335,300 bales of linters on hand in consuming establishments on July 31, 1944, which compares with 1,984,910 bales of lint and 352,393 bales of linters on June 30, 1944, and with 2,115,323 bales of lint and 465,274 bales of linters on July 1, 1943.

On hand in public storage and at compresses on July 31, 1944, there were 8,245,641 bales of lint and 55,356 bales of linters, which compares with 8,855,931 bales of lint and 66,519 bales of linters on June 30 and 7,676,629 bales of lint and 57,197 bales of linters on July 31, 1943.

There were 22,289,904 cotton spindles active during July, 1944, which compares with 22,373,494 active cotton spindles during June, 1944, and with 22,667,376 active cotton spindles during July, 1943.

Lumber Movement—Week Ended Aug. 12, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 508 mills reporting to the National Lumber Trade Barometer were 8.5% below production for the week ended Aug. 12, 1944. In the same week new orders of these mills were 3.8% above production. Unfilled order files of the reporting mills amounted to 104.0% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 4.8%; orders by 7.2%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24.1% greater; shipments were 22.6% greater, and orders were 37.0% greater.

Items About Banks, Trust Companies

Announcement is made that Earle S. Thompson, President of the American Water Works and Electric Co., Inc., has been elected a trustee of the Dry Dock Savings Institution of New York.

Allan Sproul, President of the Federal Reserve Bank of New York, announces that the Luzerne-Hadley Bank, Luzerne (P. O., Lake Luzerne, N. Y.), N. Y., became a member of the Federal Reserve System effective Aug. 14.

W. C. Feathers, Chairman of the Executive Committee and former President of the Manufacturers National Bank of Troy, N. Y., died on Aug. 15 at the age of 74. Mr. Feathers first became connected with the banking business in 1893 when he joined the Manufacturers National Bank as a clerk. Among Mr. Feathers' banking activities were that of President and Director of the Peconic Valley Bank, Berlin, N. Y., founder and Director of the Bank of Lake Placid, Lake Placid, N. Y., and an organizer of the Bank of Ausable Forks, Ausable Forks, N. Y. In 1925 Mr. Feathers became President of the Manufacturers National Bank and held that position until appointed Chairman of the Board in 1934. Two years later be became Chairman of the Executive Committee.

Wynant Davis Vanderpool, veteran banker and lawyer, of Newark, N. J., and President of the Howard Savings Institution, Newark, died on Aug. 19. Mr. Vanderpool was 69 yers old. From Morristown advices to the Newark "Evening News" we quote:

"He was graduated from Harvard Law School in 1901 and was admitted to the New Jersey bar in 1903. His practice of law was limited chiefly to management of estates. He was elected a manager of the Howard Savings Institution in 1910, Vice-President in 1917 and President in 1924. Five years later the Howard was merged with Security Savings Bank.

"Mr. Vanderpool was a former President of the New Jersey Association of Mutual Savings Banks and a member of the National Association of Mutual Savings Banks, the State Banking Advisary Board and the Morristown Board of Water Commissioners.

"Mr. Vanderpool was a director of the National Newark & Essex Banking Co., American Insurance Co., Mutual Benefit Life Insurance Co., Bankers' Indemnity Insurance Co., National Biscuit Co., Morristown Trust Co., of which he also was Vice-President, and the United New Jersey Railroad & Canal Co. of Trenton."

The Central National Bank of Cleveland has retired 10,000 shares of preferred stock amounting to $240,000 and adding $160,000 to the surplus account, it is learned from the Cleveland "Plain Dealer" of Aug. 20, which also stated:

"The transaction brings total shares of preferred stock retired to $92,000. These shares have a par value of $16, retirable at $24. Remained in the bank's capital structure are 407,500 shares of preferred stock retirable at $9,780.000.

"The bank's capital structure, including reserves, is $17,391,767, consisting of $6,520,000 par value preferred stock, $5,000,000 common stock, $2,910,000 surplus, $513.823 undivided profits and $2,447,944 reserves.

"A semi-annual dividend of 30 cents a share was paid Aug. 1 on common stock from earnings for 6 months period ending June 30."

Lucian E. Kinn was elected a Director of the Ohio Citizens Trust Co. of Toledo, O., at meeting of the Board on Aug. 15. Mr. Kinn is President of the American Floor Surfacing Machine Co. and the Seneca Wire and Manufacturing Co. and also President of the Commercial Bank and Savings Co. of Fostoria. He is an officer or director of a number of other companies in Fostoria, Fremont and Findlay, and in Hanover and York, Pa., according to the Toledo "Blade."

It was announced in the Minneapolis "Star Journal" on Aug. 17 that Clarence E. Hill, Vice-President of the Northwestern National Bank since 1922, has been elected to the Board of Directors of the bank. He was elected to fill the vacancy due to the resignation of Russell A. Stevenson, former Dean of the University of Minnesota school administration, who will assume a similar position with the University of Michigan.

"The Union Planters National Bank & Trust Co. of Memphis, Tenn., will observe its 75th anniversary on Sept. 1," Vance J. Alexander, President of the bank, stated on Aug. 16, according to the Memphis "Commercial Appeal." Mr. Alexander was also reported as saying:

"Due to war conditions we do not feel it proper to have an elaborate celebration but do think the occasion of too great importance to the bank not to observe the anniversary."

In observance of its Diamond Jubilee the bank will put on display the world famous Kimberley diamond valued at $65,000. When the bank started in 1869 it had a subscribed capital of $671,300. From the paper referred to we quote:

"With 75 years of service and experience to its credit, Union Planters National Bank facilities are made available to customers far beyond the borders of the Mid-South territory; in fact, as of June 30, 1944, the main office and branches showed more than 110,000 accounts, its deposits were in excess of $156,000,000 with capital assets, $11,000,000."

Fred W. Catterall, President of the First National Bank of Galveston, Texas, announces the election on Aug. 15 of Neal Butler as Vice-President.

Joseph Rogers of Baker, Ore., has assumed the Vice-Presidency of Pomona First National Bank of Pomona, Cal., it was announced on Aug. 10 by Raymond Smith, President. Mr. Rogers is Vice-President of the Oregon Bankers Association, according to Pomona advices to the Los Angeles "Times."

Harry T. Jaffray, Vice-President and General Manager of the Imperial Bank of Canada, died on Aug. 18 as a result of a heart attack. From the Toronto "Globe and Mail," we quote:

"He was a past President of the Canadian Bankers Association, filling that position in 1940 and 1941. Born in Galt, he entered the Merchants Bank there in 1898 after leaving Galt Collegiate Institute. The following year he joined the Imperial Bank of Canada.

"Prior to becoming an inspector in 1915, he served the bank in Portage la Prairie, Golden, B. C., and Prince Albert. With headquarters in Winnipeg, he became Western Superintendent in 1919 and Assistant General Manager in 1922. He came to Toronto in 1928 and was appointed General Manager in 1937."

Morris Envoy To Iran

Leland B. Morris, formerly United States Minister to Iceland, arrived at Teheran, Iran, on Aug. 13 as the first American Ambassador to Iran, according to United Press accounts from Teheran.

Treasury 4s Of 1944-54 Called For Payment

Secretary of the Treasury Morgenthau announced on Aug. 14 that all outstanding 4% Treasury Bonds of 1944-54 are called for redemption on Dec. 15, 1944. Approximately $1,037,000,000 of these bonds are now outstanding. The notice issued by Mr. Morgenthau says:

1. Public notice is hereby given that all outstanding 4% Treasury Bonds of 1944-54, dated Dec. 15, 1924, are hereby called for redemption on Dec. 15, 1944, on which date interest on such bonds will cease.

2. Holders of these bonds may, in advance of the redemption date, be offered the privilege of exchanging all or any part of their called bonds for other interest-bearing obligations of the United States, in which event public notice will hereafter be given and an official circular governing the exchange offering will be issued.

3. Full information regarding the presentation and surrender of the bonds for cash redemption under this call will be found in Department Circular No. 666, dated July 21, 1941.

Fire Prevention Week October 8-14

A proclamation designating Oct. 8 to 14 as Fire Prevention Week was issued on Aug. 17 by President Roosevelt who declared that "the widening operations of our valiant armies and navies make it imperative that we exert our utmost effort to provide an increasingly abundant flow of goods and materials to every battle front," the President went on to say that "the prevention of waste is as essential to this end as is the production of goods."

Calling attention to "the waste occasioned throughout the Nation by preventable fires, which reaches a staggering total each year," the President in his proclamation stated:

"I earnestly request every citizen to devote special thought and effort during Fire Prevention Week to detecting and eliminating fire hazards within his own control and to providing adequate protection against the waste of our fighting power through destruction by fire. I also request State and local governments, the Chamber of Commerce of the United States, the National Fire Waste Council, business and labor organizations, educational and civic groups, and the various agencies of the press, the radio and the motion picture industry throughout the country to lend themselves to the stimulation of the public purpose to reduce and eliminate losses by preventable fire. I also direct the Department of Agriculture, the War Production Board, the protective services of the War and Navy Departments, and other appropriate agencies of the Federal Government to give the widest possible support and assistance to every effort to inform and instruct the public with respect to the possibilities and importance of the fire-prevention program."

In support of President Roosevelt's proclamation, the Chamber of Commerce of the United States appealed on Aug. 19 to all of its members and to business men throughout the nation for particularly intensive effort to arrest the steadily mounting toll of fire losses evident this year and to eliminate fire hazards which have caused this increase.

Pointing out that "fire losses have increased steadily since Pearl Harbor and for the first seven months of 1944 are nearly 15% higher than for the same period of 1943," the Chamber said:

"Unless the present trend of losses is reversed promptly, 1944 losses will be well over $400 million, higher than for any year since 1932."

Impressive facts have been marshalled by the National Chamber and National Fire Waste Council in their war against fire. Declaring that industrial fires have increased heavily in 1943 and 1944, the Chamber statement warned that such fires have taken an enormous toll of war plants and supplies and thousands of lives at a time when manpower is exceedingly critical.

The Chamber also said: "Today when our invasion forces are steadily pushing the enemy back to the battlefronts of final decision, the home front appears to be losing ground against the ravages and frustrations of fire waste. Many civilian supplies and goods are rationed; some under government order can be made only in limited quantities, others may not be made at all except for government use until the war is won. There never was a time when fire prevention was more necessary on all types of buildings, stocks and furnishings."

Result Of Treasury Bill Offering

The Secretary of the Treasury announced on Aug. 22 that the tenders of $1,200,000,000, or thereabouts, of 92-day Treasury bills to be dated Aug. 24 and to mature Nov. 24, 1944, which were offered on Aug. 18, were opened at the Federal Reserve Banks on Aug. 21.

The details of this issue are as follows:

Total applied for, $1,850,697,000. Total accepted, $1,209,047,000 (includes $61,878,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.904, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.360% per annum.

Low, 99.904, equivalent rate of discount approximately 0.376% per annum.

(60% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 24 in the amount of $1,214,114,000.

Morgenthau Reports French Accept Allies Invasion Currency

The return of Secretary of the Treasury Morgenthau to Washington on Aug. 17, following a trip to London and the Normandy battlefield, was made known in Associated Press advices from Washington on that day.

The statement that the special "invasion money" of the Allies was being received with confidence by the French, was made by Mr. Morgenthau on Aug. 10 when he reached London following his visit to Normandy. Advices to this effect were contained in London United Press accounts, published in the New York "Times" of Aug. 11, which also had the following to say:

"Mr. Morgenthau also said that American soldiers in France were not engaged in extensive, inflationary spending.

"The Secretary declared that President Roosevelt had suggested that he go to Normandy 'to see at first hand how financial and monetary problems are being met, whether any difficulty is arising in connection with the currency furnished for the use of our troops and also whether inflation is resulting in Normandy areas as a result of spending by our troops and by the Army.'

"Charges have been made that American spending was producing inflation in freed France and that the French were reluctant to accept the Allied currency.

"Mr. Morgenthau said that he found the currency in question was 'being received with complete confidence by the local population and by the banks in the area.'

"He said that the American troops were voluntarily sending back home nearly all the money they were paid.

"As part of the primary combat mission, in order to prevent inflation and to meet local needs, the Army is bringing into the area quantities of food and other supplies for the civilian population, the Secretary said, adding that the Mayor of Cherbourg told him that the extensive black markets which thrived there under the Germans were no longer in existence."

From the New York "Times" of Aug. 16 we take the following:

"Secretary of the Treasury Henry Morgenthau, speaking from London last night, declared that Germany and Japan must be kept disarmed to assure the world they never again will be able to become aggressor nations.

"Mr. Morgenthau, in an address broadcast to this country by the Columbia Broadcasting System, cautioned that 'eternal vigilance is the price of liberty,' and added that the United Nations, as well as disarming the Axis nations, should continue the cooperation and unity successfully displayed during the war.

"Mr. Morgenthau, just back from a trip to the Normandy battlefront, paid tribute to the people of London, 'a city almost without children,' and their ability to 'take it' during the rain of Nazi robot bombs."

Carusi Commissioner Of Immigration

On Aug. 15 President Roosevelt sent to the Senate the nomination of Ugo Carusi, executive assistant to Attorney General Francis Biddle, to be Commissioner of Immigration and Naturalization in the Department of Justice.

Mr. Carusi, of Barre, Vt., succeeds Earl G. Harrison, of Philadelphia, who resigned recently to resume his private law practice.

Mr. Carusi was born in Carrara, Italy, in 1902, the son of naturalized American citizens who had returned to Italy for a visit. The parents returned to the United States and settled in Barre when Carusi was three months old, said Associated Press advices from Washington Aug. 15, in which it was also stated: From 1922 to 1925 he was secretary to the Attorney General of Vermont. In 1925 he came to Washington where he attended National University Law School and entered the Department of Justice as private secretary to Attorney General John G. Sargent.

Mr. Carusi was appointed executive assistant to Attorney General William D. Mitchell in 1930 and had served in the same capacity to the four succeeding Attorneys General, Homer S. Cummings, Frank Murphy, Robert H. Jackson and Francis Biddle.

President Roosevelt named Mr. Carusi in 1938 to represent the United States at the first International Congress on Criminology at Rome. He is a member of the American and District of Columbia Bar Associations.

The resignation of Mr. Harrison was noted in our issue of July 27, page 417.

Tariff Commission Members

The United States Senate on August 7 confirmed the appointment of George Z. Barnes to be a member of the United States Tariff Commission for the term ending June 16, 1947, and Geroge McGill to be a member of the Commission for the term expiring June 16, 1948.